

# LEGISLATIVE RESEARCH COMMISSION

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REPORT

TO THE

1979

GENERAL ASSEMBLY OF NORTH CAROLINA



**COMMUNITY COLLEGES**

**CHAPTER 115 A**

RALEIGH, NORTH CAROLINA

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STATE OF NORTH CAROLINA  
LEGISLATIVE RESEARCH COMMISSION  
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January 9, 1979

TO THE MEMBERS OF THE 1979 GENERAL ASSEMBLY:

The Legislative Research Commission herewith reports to the 1979 General Assembly of North Carolina on the matter of Community Colleges, Chapter 115A. The report is made pursuant to Senate Resolution 813 of the 1977 General Assembly.

This report was prepared by the Legislative Research Commission's Committee to Study Community Colleges, Chapter 115A and it is transmitted by the Legislative Research Commission to the members of the 1979 General Assembly for their consideration.

Respectfully submitted,

A handwritten signature of John T. Henley.

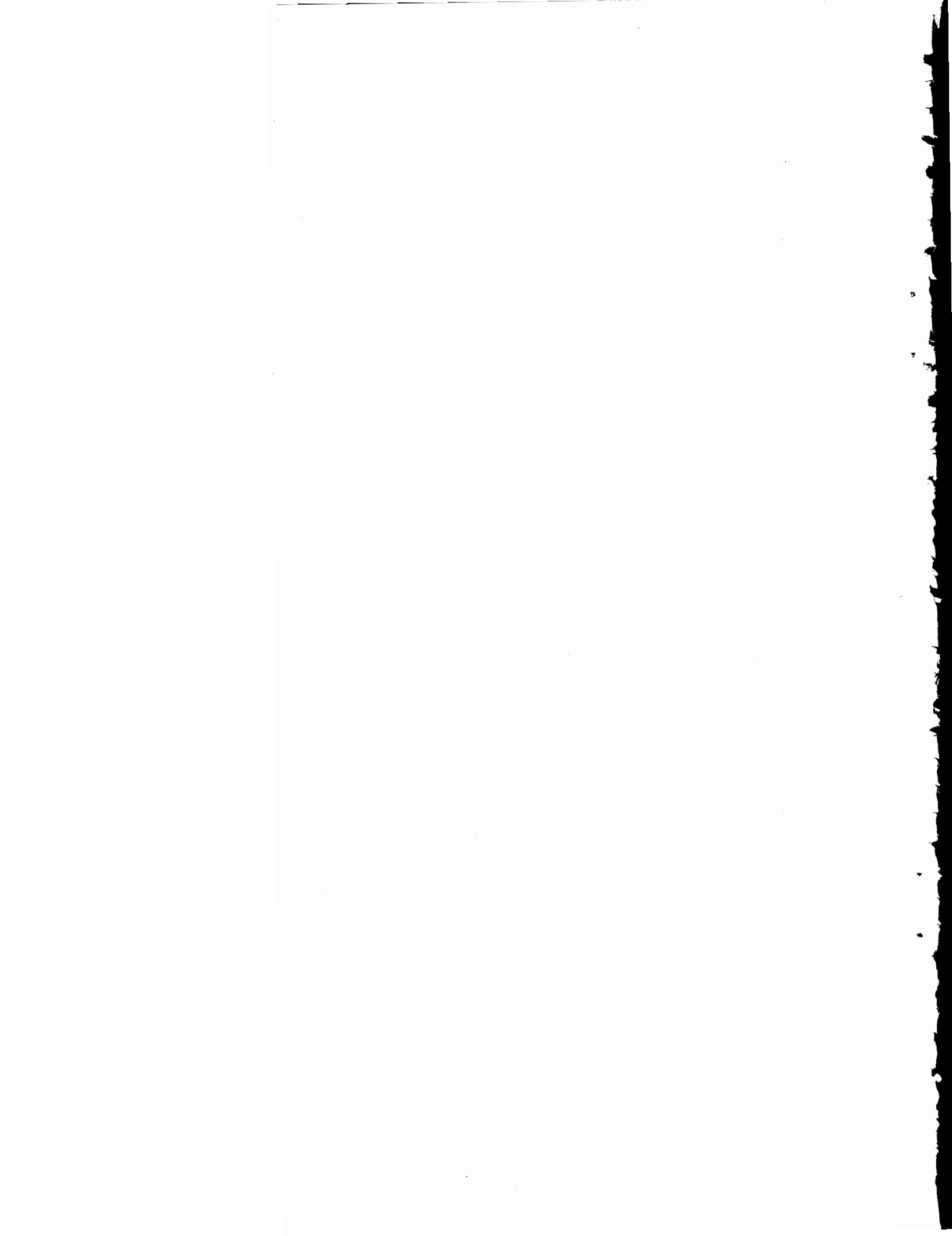
John T. Henley

A handwritten signature of Carl J. Stewart, Jr.

Carl J. Stewart, Jr.

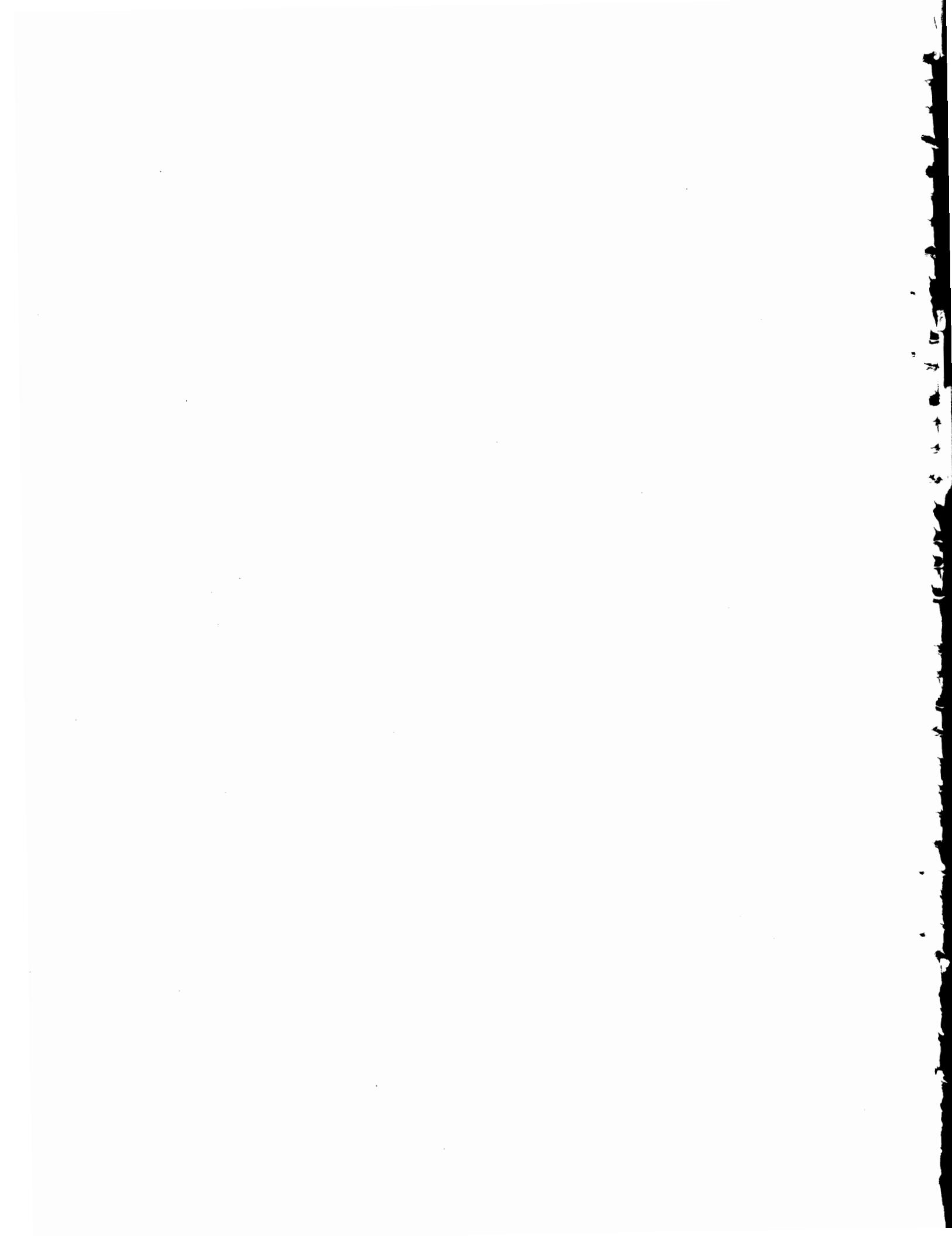
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Legislative Research Commission



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## INTRODUCTION

The Legislative Research Commission, created by Article 6B of Chapter 120 of the General Statutes, is authorized pursuant to the direction of the General Assembly "to make or cause to be made such studies of and investigations into governmental agencies and institutions and matters of public policy as will aid the General Assembly in performing its duties in the most efficient and effective manner" and "to report to the General Assembly the results of the studies made," which reports "may be accompanied by the recommendations of the Commission and bills suggested to effectuate the recommendations." G.S. 120-30.17. The Commission is co-chaired by the Speaker of the House and the President Pro Tempore of the Senate and consists of five Representatives and five Senators, who are appointed respectively by the Co-chairman. G.S. 120-30.10(a).

At the direction of the 1977 General Assembly, the Legislative Research Commission has undertaken studies of twenty-seven matters, which were arranged into ten groups according to related subject matter. (See Appendix A for a list of the Commission members.) Pursuant to G.S. 120-30.10(b) and (c), the Commission Co-Chairmen appointed committees consisting of legislators and public members to conduct the studies. Each member of the Legislative Research Commission was delegated the responsibility of overseeing one group of studies and causing the findings and recommendations of the various committees to be reported to the Commission. In addition, one Senator and one Representative from each committee were designated Co-Chairmen. (See Appendix B for a list of the committee members.)

Senate Resolution 813 (see Appendix C) directed the Legislative Research Commission (i) to study the revision and recodification of Chapter 115A of the General Statutes in a manner which will best serve the education and training needs of, and provide the most economical and effective delivery of services to all of the people of North Carolina; and (ii) to complete its study in time to present appropriate recommended legislation on the convening date of the 1979 General Assembly.

The preamble to SR 813 states that: (i) Article IX, Section 8, of the State Constitution provides that the General Assembly shall maintain a public system of higher education and may enact laws necessary and expedient for the maintenance and management of the public institutions of higher education; (ii) the General Statutes relating to the Community College System were enacted in 1963 and numerous changes and rapid expansion have occurred since the system's establishment; (iii) the institutions in the community college system are enlarging and broadening their curricula continually and the system no longer includes industrial education systems; (iv) post secondary education in North Carolina encompasses not only the system of 57 two-year colleges and institutes, but the University of North Carolina with its 16 constituent institutions and 38 private colleges and universities as well; and (v) the General Assembly appropriates public funds to support these institutions and students enrolled in all three systems, and enacts policies and initiates programs from time to time on a piecemeal basis without a thorough study of the effect such acts may have on programs and operations in other post secondary education institutions.

## Committee Proceedings

The Legislative Research Commission's Committee to Study Community Colleges, Chapter 115A of the General Statutes held eight meetings: an organizational meeting, four meetings at which speakers appeared and made formal presentations; three meetings at which the Committee deliberated.

The first meeting of the Committee was held at 10:00 a.m. on November 18, 1977, in Room 1124 of the State Legislative Building. All subsequent meetings were held in Room 1124 of the State Legislative Building.

At the first meeting, the Committee decided to investigate the following issues:

1. funding and local support;
2. accountability and auditing;
3. course offerings;
4. state vs. local support;
5. fiscal authority;
6. composition of local boards of trustees;
7. role, scope and mission of the community college system;
8. separate board of governance; and
9. pay schedule of staff.

All persons invited to appear before the Committee were asked to direct their comments to one or more of the above issues. (See Appendix D for the list of speakers.)

The Committee decided to divide its proposed legislative enactments into two parts: the first part being the proposal to recodify Chapter 115A of the General Statutes of North Carolina; and the second part being the consideration of any other proposals affecting

the community college system's laws which the Committee might choose to sponsor.

The Committee established a schedule of six meetings as a guide to carry out its activities. The first three meetings were to be used to get the necessary input from concerned parties; the remaining were to be used as work sessions to prepare its reports.

#### A. Funding and Local Support

Testimony presented to the Committee has revealed that funds for the operating expenses of community colleges and technical institutes are provided by the federal, State, and local governments, with the State providing the largest share. State funds are allocated to the individual institutions based on the number of full-time equivalent students (FTE). The number of FTE students, rather than the number of students, is used because institutions of the community college system serve both full-time and part-time students. As a means of equating the part-time students to the full-time equivalent students, the State Board of Education has defined a full-time student as one who is in membership in class, shop or laboratory sixteen hours per week for the entire forty-four week school year. Thus, 704 student membership hours represent one FTE. The Committee was informed that the current method of funding institutions encouraged high-yield low-cost course offerings.

North Carolina shows the lowest support in the southeast from student fees and the highest State support for community colleges and technical institutes in the nation and in the Southern Regional Education Board states.

Generally, the testimony has revealed that the present division of responsibility between the State and local governments for support

of community colleges and technical institutes is working well and that any attempt to alter the current arrangement should be carefully evaluated. However, there was some testimony advocating that the State provide additional support to those institutions serving populations outside of their administrative areas. It was agreed that the local economy derives an economic benefit from having an institution located within its boundaries.

The Committee was concerned about the funding formula being used prior to July 6, 1978, for budgetary purposes for institutions of the community college system.

The Committee heard testimony from the Funding Formula and Budget Preparation Committee (Community College Advisory Council, State Board of Education) concerning its proposed formula for generation of funds by institutions of the system. This proposal formula was not adopted by the Board.

The Chairman of the State Board of Education informed the Committee that the Board was in the process of developing a new funding formula. In developing this funding formula an attempt was being made to make the formula: easy to understand; easy to audit; fair to the large as well as the small institution; recognize static enrollment and provide for growth; and, to base FTE calculations on achieved FTE for the calendar year preceding the fiscal year for which funding is to occur. The Board adopted a new funding formula on July 6, 1978. (See Appendix E for copy of Funding Formula.)

#### B. Accountability and Auditing

Testimony presented to the Committee concerning accountability and auditing has revealed that the primary records of fiscal accountability for the community college system include: (i) the

State Auditor's annual audits, and less frequent operational audits; (ii) the Controller of the State Board of Education's student accounting audits and other budget and enrollment reports; and (iii) institutional enrollment and other data.

Conflicting testimony concerning the effectiveness of the current accountability and auditing practices were presented to the Committee. It was stated that the community college system is the most audited and scrutinized recipient of State funds; that consideration should be given to the use of independent auditing firms; and that all funds coming through the State should be audited by the State and all coming from local sources should be audited by firms selected locally.

#### C. Course Offerings

Conflicting testimony was presented to the Committee concerning the effectiveness of the current course offering formula.

G.S. 115A-2 sets forth the purposes of institutions of the community college system. This statute authorizes institutions to offer courses of instruction in one or more of the general areas of two-year college parallel, technical, vocational, and adult education programs depending upon the type of institution. The three types of institutions authorized by Chapter 115A of the General Statutes of North Carolina are distinguished by the programs prescribed for each as follows:

1. Community colleges are required to offer four types of programs:
  - a. college transfer;
  - b. organized curricula for the training of technicians;
  - c. vocational trade and technical specialty courses and programs; and
  - d. general adult education.

2. Technical institutes are required to offer three types of programs:
  - a. organized curricula for training of technicians;
  - b. vocational, trade, and technical specialty courses and programs; and
  - c. general adult education.
3. Industrial education centers are required to offer two types of programs:
  - a. vocational, trade, and technical specialty courses and programs; and
  - b. general adult education.

G.S. 115A-3 authorizes the State Board of Education to adopt and administer all policies and regulations deemed necessary for the operation of the Department of Community Colleges.

Testimony presented to the Committee has revealed that the State Board of Education has not limited the course offerings in technical institutions to the prescription of the statute. The definition of a technical institute excludes the offering of two-year college parallel courses; yet technical institutes are being approved pursuant to policy of the State Board of Education to offer courses for which students may be given college credit.

Testimony has revealed that neither Board policies nor Department of Community Colleges' instructions to institutions have: (i) defined curriculum and extension categories so that practices are common among institutions of the system; (ii) distinguished between courses and programs which account for budget purposes from those which do not; (iii) properly determined credit or non-credit classification of or funding for remedial, preparatory, developmental, and guided studies courses; and (iv) limited the maximum hours of specific courses.

Concern was expressed that some courses being offered by some institutions might be beyond the role of the system. It was questioned as to whether or not the offering of certain courses by some institutions would result in: (i) lack of uniformity in services provided throughout the system; (ii) inefficient funding procedures; and (iii) circumvention of the legislative process in the appropriation of State funds for community needs.

Testimony has revealed that the community college system provides most of the educational programs for prison inmates. In the 1976-77 fiscal year 2,837,199 student hours of instruction were provided to prison inmates by institutions. It was estimated that the annual cost of instruction to prison inmates is approximately one million dollars.

Testimony has revealed that the State Board of Education does not have an established policy for institutions to follow in providing services to inmates of the various prison units throughout the State. The lack of policy has resulted in inmates of prison units not being served uniformly throughout the State.

Concern was expressed about institutions sponsoring courses in sheltered workshops. It was stated that the State Board of Education does not have an established policy for institutions to follow in serving clients of sheltered workshops; that the lack of an established policy regulating this practice has resulted in clients of sheltered workshops not being served uniformly throughout the State. Institutions can derive financial benefits from sponsoring courses in shelter workshops because they are low-cost high-hour-yield courses. The course usually runs for seven and one half hours per day, five days per week. The instructors are

usually low paid and there is little if any other cost associated with the course.

Concern was expressed about institutions teaching courses at mental retardation centers. It was stated that the State Board of Education does not have an established policy for institutions to follow in serving clients at mental retardation centers.

When an institution assists a mental retardation center, its involvement is at the discretion of the officials of the institution. The institution's sponsorship of the course may be discontinued whenever the institution deems other areas to be in greater need of the institution's support either because of a change in priorities or policies.

Concern was expressed about institutions conducting courses at rest homes and nursing homes. It was indicated that the Department of Community Colleges had not addressed the practice in a uniform manner; that some institutions do not offer these courses while others offer them in some of the rest homes and nursing homes in their communities and not in others. It was pointed out that residents of these homes have a great deal of free time and that a student's progress in these courses cannot be measured by objective means, i.e., the attainment of goals of the course cannot be determined by the successful completion of tests or by any objective means. Therefore, it was felt that because of the State's method of funding institutions, courses conducted in nursing homes and rest homes offer great potential for abuse.

Testimony has revealed that during the 1976-77 academic year community colleges expended approximately one million dollars in their combined support of educational programs at Fort Bragg; that

almost all of the students in courses at Fort Bragg were active duty military personnel. The Army allows a soldier to take a six-week leave of absence from his duties annually to attend classes provided his commander approves. Hence, most of the courses offered by community colleges at Fort Bragg were six week courses consisting of five, eight hour days per week.

Many of the courses offered were unique to Fort Bragg. Examples are First Sergeants' Administration Driver Training (How to Drive Military Vehicles), Supply, Armorer and AC Publications.

The large number of military personnel stationed in North Carolina and the policy of allowing military personnel to attend classes for six weeks of each year in lieu of reporting for duty presents the community college system with the potential for a large investment in education at military installations.

Concern was also expressed about providing staff training to employees of governmental agencies and non-profit agencies.

#### D. State vs. Local Support

In general, testimony presented to the Committee concerning State vs. local support has revealed that the present alignment of fiscal support between the State and local governments as set forth in G.S. 115A-18 and G.S. 115A-19 has worked well.

#### E. Fiscal Authority

Testimony presented to the Committee concerning fiscal authority with respect to the community college system has revealed that the Department of Community Colleges does not have any statutory fiscal authority. The organizational structure of the Department of Public

Education places authority for fiscal and statistical matters in the Office of the Controller which reports to the State Board of Education the same as the Departments of Public Instruction and Community Colleges.

It was indicated that the lack of fiscal authority within the Department of Community Colleges causes problems among institutions, trustees, and other agencies.

It was generally agreed that the fiscal affairs of the Department of Community Colleges should be more closely aligned with the office of State President. If all state-level operations for community colleges and technical institutes were to be assigned to the Department of Community Colleges, the State Board of Education's control over fiscal matters would not be reduced.

It was also generally agreed that the duties of the Controller with respect to the Department of Community Colleges should be prescribed by statute.

#### F. Composition of Local Boards of Trustees

Testimony presented to the Committee concerning the composition of local boards of trustees have revealed that the present arrangement of selecting trustees is satisfactory.

Sentiment was expressed advocating reduction of the length of term now established for trustees.

#### G. Role, Scope and Mission

Testimony presented to the Committee concerning the role, scope and mission of the community college system tended to show a need for more clearly defined State policy in this area.

#### H. Separate Board of Governance

Testimony presented to the Committee concerning governance of the community college system has revealed that the State Board of

Education is the governing Board for both the Department of Community Colleges and Department of Public Instruction.

The Committee was also informed that the State Board of Education has recognized its problems and is taking positive action to deal with them administratively. The State Board of Education has been reorganized. It has a new chairman; has reorganized and revitalized the Community College Advisory Council; has increased emphasis and responsibility of its community college committee; and, is in the process of selecting a new State President for the Department of Community Colleges.

While there was some sentiment for establishment of a separate board of governance, the Committee does not recommend establishment of a separate board at this time in view of the fact that the State Board of Education has recognized its problems and is taking positive action to deal with them administratively.

#### I. Pay Schedule of Staff

Testimony presented to the Committee concerning pay schedule of staff of the institutions of the community college system except for presidents has revealed that the personnel of institutions of the system are not paid on a State salary schedule. Salaries are individual as well as local decisions.

It was generally agreed that the present practice permits a degree of flexibility administrators feel they need, and it provides equal treatment for institutions and allows, within the amount appropriated, for effective and efficient use of salary funds according to local conditions.

## FINDINGS

### A. Funding and Local Support

The Committee has found that funds for the operating expenses of community colleges and technical institutes are provided by the federal, State and local governments, with the State providing the largest share; that State funds are allocated to the individual institutions based on the number of full-time equivalent students (FTE); and, that the number of FTE students, rather than the number of students, is used because institutions of the community college system serve both full-time and part-time students.

The Committee has found that the present division of funding responsibility between the State and local governments has worked well and that the new funding formula adopted by the State Board of Education is an improvement over the old formula, will clear up some misunderstandings, and will result in a more equitable distribution of funds allocated to individual institutions. The Committee has decided to accept the State Board of Education's new funding formula and not to recommend any legislation at this time.

### B. Accountability and Auditing

The Committee has found that the primary records of fiscal accountability and auditing for the community college system include: (i) the State Auditor's annual audits, and less frequent operational audits; (ii) the Controller of the State Board of Education's student accounting audits and other budget and enrollment reports; and (iii) institutional enrollment reports.

The consensus of the Committee was not to recommend any change in the current fiscal accountability and auditing practices at this time.

### C. Course Offerings

The Committee has found that Chapter 115A of the General Statutes authorizes the establishment of three types of institutions, distinguished by the programs prescribed for each, within the community college system: community colleges, technical institutes and industrial education centers. Currently the community college system consists of 57 community colleges and technical institutes and no industrial education centers. The proposed rewrite of Chapter 115A omits the industrial education center authority.

The Committee has found that neither the Board's policies nor the Department's instructions to the institutions have: (i) defined curriculum and extension categories so that practices are consistent among institutions of the system; (ii) distinguished between courses and programs which are eligible to receive State funding from those which are not; (iii) properly determined credit or non-credit classification of, or funding for, remedial, preparatory, developmental, and guided studies courses; and (iv) clarified course offerings for military personnel.

### D. State vs. Local Support

The Committee has found that the present alignment of fiscal support between the State and local governments as set forth in G.S. 115A-18 and G.S. 115A-19 is working satisfactorily.

### E. Fiscal Authority

The Committee has found that the Department of Community Colleges does not have any statutory fiscal authority; that the organizational structure of the Department of Public Education places authority for fiscal and statistical matters in the Office of the Controller of the

State Board of Education. The Committee has also found that the duties of the Controller with respect to the Department of Community Colleges are not set forth in Chapter 115A of the General Statutes.

**F. Composition of Local Boards of Trustees**

The Committee has found that the present method of selecting trustees as set forth in G.S. 115A-7 is satisfactory. There was concern that the length of terms of local trustees should be shortened.

**G. Role, Scope and Mission**

The Committee has found that the role, scope and mission of the community college system need to be more clearly defined.

**H. Separate Board of Governance**

The Committee has found that the State Board of Education is the governing board for both the Department of Community Colleges and the Department of Public Instruction. It has found this arrangement to be working satisfactorily.

**I. Pay Schedule of Staff**

The Committee has found that the present practice of allowing local institutions to establish salary schedules according to individual and local needs is satisfactory. It provides for a degree of flexibility administrators feel they need as well as equal treatment for institutions, and it allows, within the amounts appropriated, effective and efficient use of salary funds according to local conditions.

## RECOMMENDATIONS

Recommendations to the 1979 General Assembly:

A. The Committee recommends that Chapter 115A of the General Statutes of North Carolina be repealed and that a new Chapter 115D be enacted. (See Appendix F for proposed 115D.)

The Committee has concluded that Chapter 115A of the General Statutes needs to be updated. Chapter 115A was enacted in 1963 and since that time the purposes of the transitional materials included in the chapter have been carried out and many of the internal references have become obsolete.

Chapter 115A of the General Statutes provides for the establishment of a system of community colleges, industrial education centers, and technical institutes. Currently the community college system consists of 57 community colleges and technical institutes, and it does not contain any industrial education centers.

The proposal to rewrite Chapter 115A would make few substantive changes in the existing law and would not modify the current practices. It would update the existing law. (See Appendix G for an analysis of proposed Chapter 115D.)

B. The Committee recommends that proposed 115D-10(7) be amended to allow technical institutes to be referred to as either "technical institutes" or "technical colleges" at the discretion of the local boards of trustees.

This recommendation is intended to effectuate a change in name only. It is not intended to affect the status of the institution.

The Committee has concluded that if technical institutes are allowed to be named technical colleges their image as post-secondary institutions of higher education may be enhanced in the minds of the public, and this may cause more students to attend institutions located within their communities. (See Appendix H for a bill to implement this proposal.)

C. The Committee recommends that proposed 115D of the General Statutes be amended to add the duties of the Controller to the State Board of Education with respect to the community college system.

Neither Chapter 115A nor proposed Chapter 115D of the General Statutes contain any provision which sets forth the duties of the Controller. The lack of statutorily prescribed duties has caused confusion.

The Committee has concluded that the duties of the Controller with respect to the Department of Community Colleges should be set forth as a part of the chapter establishing and regulating the community college system. (See Appendix I for a proposal to implement this recommendation.)

D. The Committee recommends that proposed 115D of the General Statutes be amended to reduce the term of office of trustees from eight years to six years.

The Committee has concluded that it is becoming increasingly more difficult to get persons to commit themselves for a period of eight years to serve as trustees and that an eight-year term has proven to be too long for effective service for some persons in the past. (See Appendix J for a proposal to implement this recommendation.)

E. The Committee recommends that Chapter 115B of the General Statutes of North Carolina be amended to allow institutions of the community college system to admit senior citizens tuition free on a space-available basis only.

The Committee has concluded that senior citizens should be admitted to institutions of the system on a space-available basis only because some of the institutions are located in areas heavily populated with senior citizens and an open-door policy to senior citizens might cause a lack of facilities for other students. (See Appendix K for a proposal to implement this recommendation.)

Recommendations to the State Board of Education:

Whereas, the State Auditor's report concerning the operations within the community college system has revealed a lack of uniformity by the institutions when providing services to various groups;

Whereas, the State Auditor's report has raised serious questions concerning whether or not some courses being offered by institutions of the system are within the role of the system;

Whereas, the State Auditor's report has raised questions concerning whether or not the offering of some courses by some institutions, in view of the current funding practices, might not circumvent legislative policy;

Whereas, the Committee has concluded that the State Board of Education is better equipped at this time to grant approval of courses:

Based upon the foregoing conclusions The Committee Recommends:

A. That the State Board of Education adopt policies and formulate guidelines for institutions to follow in providing

services to (i) inmates of prison units, (ii) clients of sheltered workshops, mental retardation centers, nursing homes and rest homes; and (iii) military personnel in accordance with the December 7, 1978, statement adopted by the Board as an expression of its attitude in response to the State Auditor's report. Any policies adopted should be in accordance with the Administrative Procedure Act. (See Appendix L for a copy of the State Board of Education's attitudinal statement.)

The Committee Further Recommends:

B. That the State Board of Education examine the current definitions used for the terms "extension courses" and "curriculum courses." In its examination of these terms, the Board should consider the proposed redefinition of these terms which was presented to the Committee for its consideration.

The Committee has concluded that the terms "extension courses" and "curriculum courses" need to be redefined because confusion exists among the institutions of the system in classifying courses. (See Appendix M for definitions.)

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Appendix C  
**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 1977**

**S**

**SENATE RESOLUTION 813**  
**Adopted June 9, 1977**

**ADOPTED  
SIMPLE  
RESOLUTION**

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**Sponsors.** Senators Wynne and Sharpe; Winters, Lake, Soles, Palmer,  
Ballenger, Swain, Barnes, Childers, Britt, William G. Smith,\*  
**Referred to:** Higher Education.

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June 3, 1977

**A SENATE RESOLUTION DIRECTING THE LEGISLATIVE RESEARCH COMMISSION TO STUDY REVISION AND RECODIFICATION OF CHAPTER 115A OF THE GENERAL STATUTES, ENTITLED "COMMUNITY COLLEGES, TECHNICAL INSTITUTES, AND INDUSTRIAL EDUCATION CENTERS".**

Whereas, Article IX, Section 8, of the State Constitution provides that the General Assembly shall maintain a public system of higher education and may enact laws necessary and expedient for the maintenance and management of the public institutions of higher education; and

Whereas, the General Statutes relating to the Community College System were enacted in 1963 and numerous changes and rapid expansion have occurred since the system's establishment; and

Whereas, the institutions in the Community College System are enlarging and broadening their curricula continually and the system no longer includes industrial education centers; and

Whereas, post secondary education in North Carolina encompasses not only the system of 57 two-year colleges and institutes, but The University of North Carolina with its 16

1 constituent institutions and 38 private colleges and universities  
2 as well; and

3 Whereas, the General Assembly appropriates public funds  
4 to support these institutions and students enrolled in all three  
5 sectors and enacts policies and initiates programs from time to  
6 time on a piecemeal basis without a thorough study of the effect  
7 such acts may have on programs and operations in other post-  
8 secondary education institutions; Now, therefore, be it resolved  
9 by the Senate:

10 Section 1. The Legislative Research Commission, as  
11 structured by G.S. 120-30.10, et seq., is directed to study  
12 revision and recodification of Chapter 115A of the General  
13 Statutes in a manner which will best serve the education and  
14 training needs of, and provide the most economical and effective  
15 delivery of services to, all of the people of North Carolina.

16 Sec. 2. The commission shall complete its study in time  
17 to present appropriate recommended legislation on the convening  
18 date of the 1979 General Assembly.

19 Sec. 3. This resolution shall become effective upon  
20 adoption.

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21 \*Additional Sponsors: McNeill Smith, Somers, Walker, Raynor,  
22 Sebo, Crawford, Jordan, Mathis, Combs, Marion, McDuffie,  
23 Harrington, Daniels, Lawing, Alexander, Henley, Garrison,  
24 Totherow, Vickery, Scott, Royall, Davis, Popkin.

## Appendix D

### Speakers

Ms. Phyllis E. Allran  
President  
TICC of NCAE

Mr. C. Ronald Aycock  
North Carolina Association of County Commissioners

Mr. Henry L. Bridges  
State Auditor

Dr. David Bruton, Chairman  
State Board of Education

Mr. Stacy Budd  
Community College Advisory Council

Mr. Sherman Cook, President  
Alumni Association  
N. C. Community College Government Association

Dr. Ben E. Fountain, Past President  
Department of Community Colleges

Mr. Wallace W. Gee, President  
North Carolina Trustees Association  
Community Education Institutions

Dr. Richard Hagemeyer, President  
Central Piedmont Community College

Mr. Jim Helvey  
NCAE - TICC

Mrs. Hilda Highfill  
Division of Fiscal Research  
Legislative Services Office of the General Assembly

Dr. Jeff Hockaday, Chairman  
Community College President's Association

Mr. Horace Liles  
State Auditor's Office

Representative Ernest Messer  
Funding Formula and Budget Preparation Committee  
Community College Advisory Council

Mr. John B. Thomas  
Learning Resources Association  
North Carolina Community Colleges

Speakers - Continued

Mr. J. A. Porter, Jr., Controller  
State Board of Education

Dr. Raymond A. Stone  
Funding Formula and Budget Preparation Committee  
Community College Advisory Council

Dr. Charles R. Holloman, Acting President  
Department of Community Colleges

SECTION .0300 - BUDGETING, ACCOUNTING,  
FISCAL MANAGEMENT

## .0301 OPERATING BUDGET REQUESTS; DISTRIBUTION OF FUNDS

## (a) General

- (1) One full-time equivalent (FTE) student represents 176 student hours in membership per quarter (528 student hours in membership for the three-quarter academic year, and 704 student hours in membership for the four-quarter fiscal or calendar year). A student in membership is a student who is enrolled as evidenced by payment of tuition and fees or qualifies for waiver of tuition and fees, has attended class, and has not withdrawn on or before the 20 percent point of the course.
- (2) Regulation .0316 of this Section sets forth the specific categories for which FTE shall be calculated. The operating budget funds referred to in this Regulation refer only to the following "regular budget" categories:
  - (A) curriculum:
    - (i) college transfer,
    - (ii) general education,
    - (iii) technical,
    - (iv) vocational,
  - (B) extension:
    - (i) adult high school,
    - (ii) other academic extension,
    - (iii) occupational extension.
- (3) Projections of full-time equivalent (FTE) students will be based on the following:
  - (A) Curriculum FTE projections will be based on the three-quarter traditional academic year (fall, winter, spring).
  - (B) Extension FTE projections will be based on the full four-quarter fiscal year.
  - (C) Projections will be made, program by program, utilizing actual FTE for a five-year period using a linear regression (straight-line) projection method.
  - (D) The State Board of Education may adjust linear regression projections based on additional factors brought to its attention.
  - (E) The State Board of Education will adopt an official projection of full-time equivalents (FTE).

## (b) Appropriation Requests

- (1) Continuation Budget Requests. The continuation budget request will be based on the number of FTE and amount per FTE currently appropriated and increases in the continuation budget as directed by the office of state budget and management. Also included in the continuation budget requests will be continuing programs that are funded apart from the formula budget such as new industry, human resources development, adult high school, etc.
- (2) Expansion Budget Requests. The expansion budget requests may consist of, but is not limited to, the following items:
  - (A) an adjustment in the number of FTEs in existing programs based on the difference between the official FTE projections of the State Board of Education and the existing level of FTEs requested in the continuation budget,
  - (B) an adjustment in expenditure per FTE,
  - (C) additional funding for new and special programs of instruction and for funding FTEs in these new programs.

(c) Allotment Reserve. A reserve amounting to one percent of FTEs appropriated for both curriculum and extension programs shall be retained by the State Board of Education for the purpose of making later allocations.

(d) Formula distribution of funds for the operating budget will be based on the following factors:

- (1) Distribution of FTEs to each institution will be by program on a pro rata basis of each institution's actual enrollment during the past calendar year.
- (2) Funds will be allotted to each institution on the following formula:
  - (A) instruction:
    - (i) curriculum:
      - (I) instructors--one per 22 FTE rounded to the nearest 1/10 position at the currently appropriated salary unit value;
      - (II) employee benefits--based on appropriated levels for social security, retirement, and hospitalization;
      - (III) other costs per FTE based on appropriated levels for travel and supplies and materials;
    - (ii) extension:
      - (I) instructors--one per 22 FTE rounded to

the nearest 1/10 position at the currently appropriated salary unit value;

(II) employee benefits--based on appropriated levels for social security;

(III) other costs per FTE based on appropriated levels for travel and supplies and materials;

(B) instructional support and administration:

(i) A base allotment for each institution:

(I) salaries--president (1.0) on president's salary schedule; senior administrators (4.0) at the current salary unit value; instructional support personnel (3.4) at the current salary unit value; clerical personnel (3.3) at the current salary unit value;

(II) employee benefits--based on appropriated levels for social security, retirement and hospitalization;

(III) other costs--a sum of thirteen thousand dollars (\$13,000) for travel for trustees, president, administrators, and support personnel; institutional dues; graduation expenses; etc.;

(ii) An additional allotment for each curriculum and extension FTE for each institution will be based on the following:

(I) salaries--senior administrators: 2.0 per 1,000 FTE (to the nearest 1/10 position) at the current salary unit value; instructional support personnel: 6.0 per 1,000 FTE (to the nearest 1/10 position) at the current salary unit value; clerical personnel: 6.0 per 1,000 FTE (to the nearest 1/10 position) at the current salary unit value;

(II) employee benefits--based on appropriated levels for social security, retirement and hospitalization;

(III) other costs per FTE based on appropriated levels for travel, supplies and materials, postage, printing and binding, magazines and newspapers, equipment repairs, advertising and publicity, etc.

**History Note:** Filed as an Emergency Amendment Eff. July 1, 1978, for a Period of 120 Days to Expire on October 29, 1978; Statutory Authority G.S. 115A-1 to 115A-5; 115A-27; 115A-29; Eff. February 1, 1976; Amended Eff. September 30, 1977; Emergency Amendment Made Permanent Eff. July 24, 1978.

.0302 GENERAL PROVISIONS; FORMULA ALLOTMENT OF OPERATING FUNDS

(a) Minimum Allotments

- (1) No institution which has been chartered for more than two years shall be allotted funding based on less than 400 FTE.
- (2) Providing the state appropriation does not decline, the minimum budget for each institution shall be the product of the actual four-quarter average FTE for the preceding calendar year times the actual allotment rate per curriculum and extension FTE for the preceding fiscal year.
- (3) In the event the curriculum or extension FTE for which appropriations are made by the General Assembly for a given fiscal year is greater than for the preceding fiscal year, no institution's budget shall be based on less curriculum or extension FTE respectively than funded the previous fiscal year provided the actual curriculum or extension enrollment in the previous calendar year did not decline. Curriculum and extension FTE shall be calculated separately. No institution shall be eligible for this special consideration for two consecutive years.
- (4) In the event that either the curriculum or extension FTE on which an institution's budget for a given fiscal year is based is less than the corresponding FTE for the previous year, the actual fund allotment for the given fiscal year shall not be less than 90 percent of the initial allotment of the preceding fiscal year.

(b) A lump sum amount, based on the application of the formula, will be made to each institution as soon as possible after the appropriations act has been adopted by the General Assembly. At the same time, each institution will be notified of any restrictions that have been imposed upon the use of these funds.

(c) Institutional Budget Preparation

- (1) Each institution shall prepare and submit for approval, on forms supplied by the Controller's Office, a line item budget in accordance with G.S. 115A-27.
- (2) In years in which the General Assembly is in session, the following method of budget preparation shall be used:
  - (A) Budgets shall be submitted in accordance with G.S. 115A-27, with initial budgets for state funds based on the same levels as the current year.
  - (B) After the institutions have been notified of the actual allotment of state funds and the restrictions that may be imposed upon the expenditure of these funds, a revised budget shall be prepared and submitted in accordance with G.S. 115A-27. The signed, amended line item budget shall be submitted to the office of the state president for approval not more than 90 days after the receipt of the actual allotment.
- (3) Institutional budgets submitted for approval in accordance with G.S. 115A-27 shall be reviewed by the Controller's Office to assure compliance with allotments and budget restrictions.

(d) Monthly Report. Actual expenditures, by line item, and requests for certification of funds shall be submitted monthly in a manner specified by the Controller.

(e) Transfers Between Budget Items

- (1) The following line items as they relate to state funds cannot have transfers made into them without prior approval of the State Board of Education:
  - (A) college transfer,
  - (B) recreational programs,
  - (C) plant operations and maintenance,
  - (D) capital outlay.
- (2) The following line items as they relate to state funds cannot have transfers made out of them without prior approval of the State Board of Education:
  - (A) adult high school,
  - (B) plant operations and maintenance,
  - (C) capital outlay.
- (3) The following line items as they relate to state funds cannot have transfers made out of them except with the approval of the Controller's Office of the State Board of Education:
  - (A) new industry training,
  - (B) employee benefits.

(f) Institutions are encouraged to determine as soon as possible the amount of funds, if any, which they can release for reallocation to other institutions.

(g) The State Board of Education may, from funds available to it from the one percent FTE reserve, voluntarily reverted funds and other funds which may be available to the board, consider making special allotments to individual institutions on the basis of documented emergency or special needs.

(h) Supplemental Allotments

(1) The Controller, upon recommendation of the state president, may make supplemental allotments during the fiscal year when properly justified, subject to the availability of funds. All such supplemental allotments shall be reported to the State Board of Education.

(2) Supplemental allotments which may be recommended by the state president and which are restricted to the purpose for which allotted are:

- (A) a maximum of five thousand dollars (\$5,000) for equipment repairs,
- (B) dues for the trustees association not to exceed eight hundred dollars (\$800.00),
- (C) travel for institutional personnel other than presidents when serving on special committees approved by the state president,
- (D) a maximum of three hundred dollars (\$300.00) for community cultural service,
- (E) amount to pay actual authorized invoice from southern association for committee expense for accreditation.

History Note: Filed as an Emergency Amendment [(c) (4), (5) and (6)] Eff. July 1, 1978, for a Period of 120 Days to Expire on October 29, 1978; Emergency Amendment Deleted by Amendment Eff. July 24, 1978; Statutory Authority G.S. 115A-1: 115A-5; Eff. February 1, 1976; Amended Eff. July 24, 1978; September 30, 1977; July 26, 1977; November 4, 1976.

APPENDIX F

PROPOSED CHAPTER 115D  
COMMUNITY COLLEGE LAWS

AN ACT TO REVISE AND RECODIFY THE COMMUNITY COLLEGES, TECHNICAL INSTITUTES, AND INDUSTRIAL EDUCATION CENTERS LAWS OF THIS STATE.

The General Assembly of North Carolina enacts:

Section 1. Chapter 115A of the General Statutes is repealed.

Sec. 2. A new Chapter to be designated Chapter 115D of the General Statutes is enacted as follows:

"CHAPTER 115D.

"Community Colleges and Technical Institutes.

"ARTICLE 1.

"Preliminary Provisions.

"§ 115D-1. Nondiscrimination policy.--It is the policy of the State Board of Education and of local boards of trustees of the State of North Carolina not to discriminate among students on the basis of race, gender or national origin.

In the employment of professional and all other personnel for institutions operating pursuant to this Chapter, neither the State Board of Education nor local boards of trustees shall discriminate on the basis of race, gender or national origin.

"§ 115D-2. Access to information and public records.--In accordance with Chapter 132 of the General Statutes, all rules,

regulations and public records of the State Board of Education, the Department of Community Colleges, and local boards of trustees shall be available for examination and reproduction on payment of fees by any person.

"§ 115D-3. Open meetings.--All official meetings of the State Board of Education and of local boards of trustees shall be open to the public in accordance with the provisions of G.S. 143-318.1 through G.S. 143-318.7.

"§ 115D-4. Rule-making procedure.--As an agency of the State, the State Board of Education is subject to the North Carolina Administrative Procedure Act, G.S. 150A-1 through G.S. 150A-64. The State Board of Education's procedures for rule-making, promulgation of rules, and the handling of contested matters shall be as set forth in those sections. Local boards of trustees are exempt from the Administrative Procedure Act.

"§ 115D-5. Saving clauses.--(a) Continuation of existing law. The provisions of this Chapter, insofar as they are the same as those of existing laws, are intended as a continuation of such laws and not as new enactments. The repeal by the act enacting this Chapter of any statute or part thereof shall not revive any statute or part thereof previously repealed or suspended. The provisions of this section shall not affect title to, or ownership of, any real or personal property vested before the effective date of this section. This act shall not in any way affect or repeal any local acts in conflict with the terms of this act.

(b) Existing rights and liabilities. The provisions of this

Chapter shall not affect any act done, liability incurred or right accrued or vested, or affect any suit or prosecution pending or to be instituted to enforce any right or penalty or punish any offense under the authority of statutes repealed by the act enacting this Chapter.

§ 115D-6 to 115D-8: Reserved for future codification purposes.

## "ARTICLE 2.

### "General Provisions for State Administration.

"§ 115D-9. Statement of purpose.--The purposes of this Chapter are to provide for the establishment, organization, and administration of a system of educational institutions throughout the State offering courses of instruction in one or more of the general areas of two-year college parallel, technical, vocational, and adult education programs, to serve as a legislative charter for such institutions, and to authorize the levying of local taxes and the issuing of local bonds for the support thereof. The major purpose of each and every institution operating under the provisions of this Chapter shall be and shall continue to be the offering of vocational and technical education and training, and of basic, high school level, academic education needed in order to profit from vocational and technical education, for students who are high school graduates or who are beyond the compulsory age limit of the public school system and who have left the public schools.

"§ 115D-10. Definitions.--As used in this Chapter:

- (1) The "administrative area" of an institution comprises the county or counties directly responsible for the local financial support and local administration of such institution as provided in this Chapter.
- (2) The term "community college" is defined as an educational institution operating under the provisions of this Chapter and dedicated primarily to the educational needs of the particular area for which established, and
  - a. which offers the freshman and sophomore courses of a college of arts and sciences,
  - b. which offers organized credit curricula for the training of technicians; curricular courses may carry transfer credit to a senior college or university where the course is comparable in content and quality and is appropriate to a chosen course of study;
  - c. which offers vocational, trade, and technical specialty courses and programs, and
  - d. which offers courses in general adult education.
- (3) The term "institution" refers to a community college or a technical institute.
- (4) The term "regional institution" means an institution which serves four or more counties which have been assigned as of July 1, 1973, to the

institution by the Department of Community Colleges for purposes of conducting adult education classes.

- (5) The term "State Board of Education" refers to the State Board of Education as established and described in Article IX, Section 4, of the Constitution of North Carolina.
- (6) The "tax-levying authority" of an institution is the board of commissioners of the county or all of the boards of commissioners of the counties, jointly, which constitute the administrative area of the institution.
- (7) The term "technical institute" is defined as an educational institution operating under the provisions of this Chapter and dedicated primarily to the educational needs of the particular area for which established, and
  - a. which offers organized credit curricula for the training of technicians; curricular courses may carry transfer credit to a senior college or university where the course is comparable in content and quality and is appropriate to a chosen course of study;
  - b. which offers vocational, trade, and technical specialty courses and programs,
  - c. which offers courses in general adult

education.

"§ 115D-11. State Board of Education to establish department to administer system of educational institutions; employment of personnel in community college system.--The State Board of Education is authorized to establish and organize a department to provide state-level administration, under the direction of the Board, of a system of community colleges and technical institutes separate from the free public school system of the State. The Board shall have authority to adopt and administer all policies, regulations, and standards which it may deem necessary for the establishment and operation of the department. The personnel of the department shall be governed by the same policies as the personnel of the other departments of the Board of Education and shall be subject to the provisions contained in Article 2, Chapter 126 of the General Statutes; except the position of the State President or chief administrative officer of the department shall be exempt from the provisions of the State Personnel Act, and the compensation of this position shall be fixed by the Governor, upon the recommendation of the State Board of Education, subject to approval by the Advisory Budget Commission.

The State President of the Community College System shall appoint all necessary administrative and supervisory employees who work under his direction in the administration of the Community College System, subject to the approval of the State Board of Education, which shall have authority to terminate such appointments for cause in conformity with the State Personnel Act.

The State Board of Education shall appoint an Advisory Council consisting of at least seven members to advise the Board on matters relating to personnel, curricula, finance, articulation, and other matters concerning institutional programs and coordination with other educational institutions of the State. Two members of the Advisory Council shall be members of the Board of Governors of The University of North Carolina or of its professional staff, and two members of the Advisory Council shall be members of the faculties or administrative staffs of institutions of higher education in this State.

"§ 115D-12. Establishment and transfer of institutions.--The establishment of all community colleges and technical institutes shall be subject to the prior approval of the State Board of Education and each institution shall be established only in accordance with the provisions of this Chapter and the regulations, standards, and procedures adopted by the Board not inconsistent herewith. In no case, however, shall approval be granted by the Board for the establishment of an institution until it has been demonstrated to the satisfaction of the Board that a genuine educational need exists within a proposed administrative area, that existing public and private post-high school institutions in the area will not meet the need, that adequate local financial support for the institution will be provided, that public schools in the area will not be affected adversely by the local financial support required for the

institution, and that funds sufficient to provide State financial support of the institution are available.

The approval of any new institution, or the conversion of any existing institution into a new type of institution, or the expenditures of any State funds for any capital improvements at existing institutions shall be subject to the prior approval of the Governor and the Advisory Budget Commission. The expenditure of State funds at any institution herein authorized to be approved by the Board shall be subject to the terms of the Executive Budget Act unless specifically otherwise provided in this Chapter.

"§ 115D-13. Administration of institutions by State Board of Education; personnel exempt from State Personnel Act; extension courses; tuition waiver; in-plant training; contracting, etc. for establishment and operation of extension units of the community college system; use of existing public school facilities.--(a) The State Board of Education may adopt and execute such policies, regulations and standards concerning the establishment, administration, and operation of institutions as the Board may deem necessary to insure the quality of educational programs, to promote the systematic meeting of educational needs of the State, and to provide for the equitable distribution of State and federal funds to the several institutions.

The State Board of Education shall establish standards and scales for salaries and allotments paid from funds administered by the Board, and all employees of the institutions shall be exempt from the provisions of the State Personnel Act. The Board

shall have authority with respect to individual institutions: to approve sites, buildings, building plans, budgets; to approve the selection of the chief administrative officer; to establish and administer standards for professional personnel, curricula, admissions, and graduation; to regulate the awarding of degrees, diplomas, and certificates; to establish and regulate student tuition and fees and financial accounting procedures.

(b) In order to make instruction as accessible as possible to all citizens, the teaching of curricular courses and of noncurricular extension courses at convenient locations away from institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata portion of the established regular tuition rate charged a full-time student shall be charged a part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of Education shall establish a uniform registration fee, or a schedule of uniform registration fees, to be charged students enrolling in extension courses for which instruction is financed primarily from State funds; provided, however, that the State Board of Education may provide by general and uniform regulations for waiver of tuition and registration fees for training courses for volunteer firemen, local fire department personnel and volunteer rescue and lifesaving department personnel, local law enforcement officers, patients in State alcoholic rehabilitation centers, and prison inmates. Provided further, tuition shall be waived for senior

citizens attending institutions operating pursuant to this chapter as set forth in Chapter 115B of the General Statutes, Tuition Waiver for Senior Citizens.

(c) Community colleges and technical institutes shall assist in the pre-employment and in-service training of employees in industry, business, agriculture, health occupation and governmental agencies. The State Board of Education shall make appropriate regulations including the establishment of maximum hours of instruction which may be offered at State expense in each in-plant training program. No instructor or other employee of a community college or technical institute shall engage in the normal management, supervisory and operational functions of the establishment in which the instruction is offered during the hours in which they are employed for instructional or educational purposes.

(d) The State Board of Education is authorized to enter into agreements with local boards of education, upon approval by the Governor and the Advisory Budget Commission, for the establishment and operation of extension units of the community college system. The State Board is further authorized to provide the financial support for matching capital outlay and for operating and equipping extension units as provided in this Chapter for other institutions, subject to available funds.

On petition of a board of education of the school administrative unit in which an extension unit is proposed to be established, the State Board of Education may approve the use by the proposed institution of existing public school facilities, if

the Board finds:

(1) that an adequate portion of these facilities can be devoted to the exclusive use of the institution, and

(2) that use of these facilities will be consistent with sound educational considerations.

"§ 115D-14. Withdrawal of State support.--The State Board of Education may withdraw or withhold State financial and administrative support of any institutions subject to the provisions of this Chapter in the event that:

(1) the required local financial support of an institution is not provided;

(2) sufficient State funds are not available;

(3) the officials of an institution refuse or are unable to maintain prescribed standards of administration or instruction; or

(4) local educational needs for such an institution cease to exist.

"§ 115D-15 to 115D-17: Reserved for future codification purposes.

### "ARTICLE 3.

#### "Local Administration.

"§ 115D-18. Each institution to have board of trustees; selection of trustees.--(a) Each community college and technical institute established or operated pursuant to this Chapter shall be governed by a board of trustees consisting of 13 members, who

shall be selected by the following agencies.

Group One--four trustees, elected by the board of education of the public school administrative unit located in the administrative area of the institution. If there are two or more public school administrative units, whether city or county units, or both, located within the administrative area, the trustees shall be elected jointly by all of the boards of education of those units, each board having one vote in the election of each trustee, except as provided in G.S. 115D-6.

Group Two--four trustees, elected by the board of commissioners of the county in which the institution is located. Provided, however, if the administrative area of the institution is composed of two or more counties, the trustees shall be elected jointly by the boards of commissioners of all those counties, each board having one vote in the election of each trustee.

Group Three--four trustees, appointed by the Governor.

Group Four--the president of the student government or the chairman of the executive board of the student body of each community college and technical institute established pursuant to G.S. 115D shall be an ex officio nonvoting member of the board of trustees of each said institution.

(b) All trustees shall be residents of the administrative area of the institution for which they are selected or of counties contiguous thereto with the exception of members provided for in G.S. 115D-18(a), Group Four.

(c) Vacancies occurring in any group for whatever reason shall be filled for the remainder of the unexpired term by the agency

or agencies authorized to select trustees of that group and in the manner in which regular selections are made. Should the selection of a trustee not be made by the agency or agencies having the authority to do so within 60 days after the date on which a vacancy occurs, whether by creation or expiration of a term or for any other reason, the Governor shall fill the vacancy by appointment for the remainder of the unexpired term.

"§ 115D-19. Terms of office of trustees.--Trustees shall serve for terms of eight years, with the exception of the ex officio member, except that initially: For all institutions for which board of trustees first shall be established pursuant to the provisions of this Chapter, terms of the members of each board shall be so set by the selecting agencies that the term of a member in each group in G.S. 115D-18(a) shall expire on June 30 of every other year, the shortest term to expire on June 30 of the next odd-numbered year following the date the board of trustees is established. Thereafter, all terms shall be eight years and shall commence on July 1.

"§ 115D-20. Board of trustees a body corporate; corporate name and powers; title to property.--The board of trustees of each institution shall be a body corporate with powers to enable it to acquire, hold, and transfer real and personal property, to enter into contracts, to institute and defend legal actions and suits, and to exercise such other rights and privileges as may be necessary for the management and administration of the

institution in accordance with the provisions and purposes of this Chapter. The official title of each board shall be "The Trustees of \_\_\_\_\_" (filling in the name of the institution) and such title shall be the official corporate name of the institution.

The several boards of trustees shall hold title to all real and personal property donated to their respective institutions by private persons or purchased with funds provided by the tax-levying authorities of their respective institutions. Title to equipment furnished by the State shall remain in the State Board of Education. In the event that an institution shall cease to operate, title to all real and personal property donated to the institution or purchased with funds provided by the tax-levying authorities, except as provided for in G.S. 115D-12, shall vest in the county in which the institution is located, unless the terms of the deed of gift in the case of donated property provides otherwise, or unless in the case of two or more counties forming a joint institution the contract provided for in G.S. 115D-6 provides otherwise.

"§ 115D-2. Sale, exchange or lease of property.--When in the opinion of the board of trustees of any institution organized under the provisions of this Chapter, the use of any property, real or personal, owned or held by said board of trustees is unnecessary or undesirable for the purposes of said institution, the board of trustees, subject to prior approval of the State Board of Education, may sell, exchange, or lease such property in the same manner as is provided by law for the sale, exchange, or

lease of school property by county or city boards of education or in accordance with provisions of G.S. 160A-274. The proceeds of any such sale or lease shall be used for capital outlay purposes.

"§ 115D-22. Trustees limited as to holding other public offices.--No trustee shall hold more than one other public office, whether appointive or elective.

"§ 115D-23. Compensation of trustees.--Trustees shall receive no compensation for their services but shall receive reimbursement, according to regulations adopted by the State Board of Education, for cost of travel, meals, and lodging while performing their official duties.

"§ 115D-24. Organization of boards: meetings.--At the first meeting after its selection, each board of trustees shall elect from its membership a chairman, who shall preside at all board meetings, and a vice-chairman, who shall preside in the absence of the chairman. The trustees shall also elect a secretary, who may be a trustee, to keep the minutes of all board meetings. All three officers of the board shall be elected for a period of one year but shall be eligible for reelection by the board.

Each board of trustees shall meet as often as may be necessary for the conduct of the business of the institution but shall meet at least once every three months. Meetings may be called by the chairman of the board or by the chief administrative officer of the institution.

"§ 115D-25. Removal of trustees.--Should the State Board of

Education have sufficient evidence that any member of the board of trustees of an institution is not capable of discharging, or is not discharging, the duties of his office as required by law or lawful regulation, or is guilty of immoral or disreputable conduct, the board shall notify the chairman of such board of trustees, unless the chairman is the offending member, in which case the other members of the board shall be notified. Upon receipt of such notice there shall be a meeting of the board of trustees for the purpose of investigating the charges, at that meeting a representative of the State Board of Education may appear to present evidence of the charges. The allegedly offending member shall be given proper and adequate notice of the meeting and the findings of the other members of the board shall be recorded, along with the action taken, in the minutes of the board of trustees. If the charges are, by an affirmative vote of two-thirds of the members of the board, found to be true, the board of trustees shall declare the office of the offending member to be vacant.

Nothing in this section shall be construed to limit the authority of a board of trustees to hold a hearing as provided herein upon evidence known or presented to it.

"§ 115D-26. Powers and duties of trustees.--The trustees of each institution shall constitute the local administrative board of such institution, with such powers and duties as are provided in this Chapter and as are delegated to it by the State Board of Education. The powers and duties of trustees shall include the following:

(1) To elect a president or chief administrative officer of the institution for such term and under such conditions as the trustees may fix, such election to be subject to the approval of the State Board of Education.

(2) To elect or employ all other personnel of the institution upon nomination by the president or chief administrative officer, subject to standards established by the State Board of Education. Trustees may delegate the authority of employing such other personnel to its president or chief administrative officer.

(3) To purchase any land, easement, or right-of-way which shall be necessary for the proper operation of the institution, upon approval of the State Board of Education, and, if necessary, to acquire land by condemnation in the same manner and under the same procedures as provided in Article 2, Chapter 40 of the General Statutes. For the purpose of condemnation, the determination by the trustees as to the location and amount of land to be taken and the necessity therefor shall be conclusive.

(4) To apply the standards and requirements for admission and graduation of students and other standards established by the State Board of Education.

(5) To receive and accept donations, gifts, bequests, and the like from private donors and to apply them or invest any of them and apply the proceeds for purposes and upon the terms which the donor may prescribe and which are consistent with the provisions of this Chapter and the regulations of the State Board of

Education.

(6) To provide all or part of the instructional services for the institution by contracting with other public or private organizations or institutions in accordance with regulations and standards adopted by the State Board of Education.

(7) To perform such other acts and do such other things as may be necessary or proper for the exercise of the foregoing specific powers, including the adoption and enforcement of all reasonable rules, regulations, and bylaws for the government and operation of the institution under this Chapter and for the discipline of students.

"§ 115D-27. Traffic regulations; fines and penalties.--(a) All of the provisions of Chapter 20 of the General Statutes relating to the use of highways of the State of North Carolina and the operation of motor vehicles thereon shall apply to the streets, roads, alleys and driveways on the campuses of all institutions in the North Carolina Community College System. Any person violating any of the provisions of Chapter 20 of the General Statutes in or on the streets, roads, alleys and driveways on the campuses of institutions in the North Carolina Community College System shall, upon conviction thereof, be punished as prescribed in this section and as provided by Chapter 20 of the General Statutes relating to motor vehicles. Nothing contained in this section shall be construed as in any way interfering with the ownership and control of the streets, roads, alleys and driveways on the campuses of institutions in the system as is now vested by law in the trustees of each individual

institution in the North Carolina Community College System.

(b) The trustees are authorized and empowered to make additional rules and regulations and to adopt additional ordinances with respect to the use of the streets, roads, alleys and driveways and to establish parking areas on or off the campuses not inconsistent with the provisions of Chapter 20 of the General Statutes of North Carolina. Upon investigation, the trustees may determine and fix speed limits on streets, roads, alleys, and driveways subject to such rules, regulations, and ordinances, lower than those provided in G.S. 20-141. The trustees may make reasonable provisions for the towing or removal of unattended vehicles found to be in violation of rules, regulations and ordinances. All rules, regulations and ordinances adopted pursuant to the authority of this section shall be recorded in the proceedings of the trustees; shall be printed; and copies of such rules, regulations and ordinances shall be filed in the office of the Secretary of State of North Carolina. Any person violating any such rules, regulations, or ordinances shall, upon conviction thereof in a legally constituted court of the State of North Carolina, be guilty of a misdemeanor, and shall be punishable by a fine not to exceed fifty dollars (\$50.00) or imprisonment for a period of time not to exceed 30 days or, in the discretion of the court, both such fine and imprisonment.

(c) The trustees may by rules, regulations, or ordinances

provide for a system of registration of all motor vehicles where the owner or operator does park on the campus or keeps said vehicle on the campus. The trustees shall cause to be posted at appropriate places on campus notice to the public of applicable parking and traffic rules, regulations, and ordinances governing the campus over which it has jurisdiction. The trustees may by rules, regulations, or ordinances establish or cause to have established a system of citations that may be issued to owners or operators of motor vehicles who violate established rules, regulations, or ordinances. The trustees shall provide for the administration of said system of citations; establish or cause to be established a system of fines to be levied for the violation of established rules, regulations and ordinances; and enforce or cause to be enforced the collection of said fines. The fine for each offense shall not exceed five dollars (\$5.00), which funds shall be retained in the institution and expended in the discretion of the trustees. The trustees shall be empowered to exercise the right to prohibit repeated violators of such rules, regulations, or ordinances from parking on the campus.

"§ 115D-28. State Retirement System for Teachers and State Employees; social security.--Solely for the purpose of applying the provisions of Chapter 135 of the General Statutes of North Carolina, 'Retirement System for Teachers and State Employees, Social Security,' the institutions of this Chapter are included within the definition of the term 'Public school,' and the institutional employees are included within the definition of the term 'Teacher,' as these terms are defined in G.S. 135-1.

"§ 115D-29. Workmen's Compensation Act applicable to institutional employees.--The provisions of Chapter 97 of the General Statutes of North Carolina, the Workmen's Compensation Act, shall apply to all institutional employees. The State Board of Education shall make the necessary arrangements to carry out those provisions of Chapter 97 which are applicable to employees whose wages are paid in whole or in part from State funds. The State shall be liable for compensation, based upon the average weekly wage as defined in the act, of an employee regardless of the portion of his wage paid from other than State funds.

The board of trustees of each institution shall be liable for workmen's compensation for employees whose salaries or wages are paid by the board entirely from local public or special funds. Each board of trustees is authorized to purchase insurance to cover workmen's compensation liability and to include the cost of insurance in the annual budget of the institution.

The provisions of this section shall not apply to any person, firm or corporation making voluntary contributions to institutions for any purpose, and such a person, firm, or corporation shall not be liable for the payment of any sum of money under the provisions of this section.

"§ 115D-30. Waiver of governmental immunity from liability for negligence of agents and employees of institutions; liability insurance.--The board of trustees of any institution, by obtaining liability insurance as provided in G.S. 115D-56, is

authorized to waive its governmental immunity from liability for the death or injury of person or for property damage caused by the negligence or tort of any agent or employee of the board of trustees when the agent or employee is acting within the scope of his authority or the course of his employment. All automobiles, buses, trucks, or other motor vehicles intended primarily for use on the public roads and highways which are the property of a board of trustees shall be insured at all times with liability insurance as provided in G.S. 115D-56. Governmental immunity shall be deemed to have been waived by the act of obtaining liability insurance, but only to the extent that the board is indemnified for the negligence or torts of its agents and employees and only as to claims arising after the procurement of liability insurance and while such insurance is in force.

"§ 115D-31. Purchase of annuity or retirement income contracts for employees.--Notwithstanding any provision of law relating to salaries or salary schedules for the pay of faculty members, administrative officers, or any other employees of community colleges or technical institutes, the board of trustees of any of the above institutions may authorize the finance officer or agent of same to enter into annual contracts with any of the above officers, agents and employees which provide for reductions in salaries below the total established compensation or salary schedule for a term of one year. The financial officer or agent shall use the funds derived from the reduction in the salary of the officer, agent or employee to purchase a nonforfeitable annuity or retirement income contract for the benefit of said

officer, agent or employee. An officer, agent or employee who has agreed to a salary reduction for this purpose shall not have the right to receive the amount of the salary reduction in cash or in any other way except the annuity or retirement income contract. Funds used for the purchase of an annuity or retirement income contract shall not be in lieu of any amount earned by the officer, agent or employee before his election for a salary reduction has become effective. The agreement for salary reductions referred to in this section shall be effected under any necessary regulations and procedures adopted by the State Board of Education and on forms prepared by the State Board of Education. Notwithstanding any other provisions of this section or law, the amount by which the salary of any officer, agent or employee is reduced pursuant to this section shall not be excluded, but shall be included, in computing and making payroll deductions for social security and retirement system purposes, and in computing and providing matching funds for retirement system purposes.

"§ 115D-32 to 115D-34: Reserved for future codification purposes.

"ARTICLE 4.

"Financial Support.

"§ 115D-35. State financial support of institutions.--(a) The State Board of Education shall be responsible for providing from sources available to the Board funds to meet the financial needs

of institutions, as determined by policies and regulations of the Board, for the following budget items:

(1) Capital outlay: Furniture and equipment for administrative and instructional purposes, library books, and other items of capital outlay approved by the board. Provided, the State Board of Education may, on an equal matching-fund basis from appropriations made by the State for the purpose, grant funds to individual institutions for the purchase, construction and remodeling of institutional buildings determined by the State Board of Education to be necessary for the instructional programs or administration of such institutions.

(2) Current expenses:

a. General administration:

1. Salaries and travel of trustees and administrative staff.
2. Cost of bonding institutional employees for the protection of State funds and property.
3. Office expenses.
4. Other costs of general administration approved by the State Board.

b. Instructional services:

1. Salaries and travel of instructional staff and clerical employees.

2. Instructional supplies and materials.
3. Commencement expenses.
4. Other costs of instructional services approved by the State Board.

c. Maintenance of plant: Maintenance and replacement of furniture and equipment furnished by the State.

d. Fixed charges:

1. Employer's contributions to social security and State retirement funds for the portion of institutional employees' salaries paid from State and federal funds.
2. Cost of workmen's compensation for institutional employees paid in whole or in part from State or federal funds.

e. Auxiliary services:

1. Operation of libraries, including salaries and travel of staff: replacement of books; and costs of supplies, materials, periodicals, and newspapers.
2. Other costs of auxiliary services approved by the Board.

(3) Additional support for regional institutions as defined in G.S. 115D-10(4) above: Matching funds

to be used with local funds to meet the financial needs of the regional institutions for the items set out in G.S. 115D-36. The amount of matching funds to be provided by the State under this section shall be determined as follows: The population of the administrative area in which the regional institution is located shall be called the 'local factor'; the combined populations of all the other counties served by the institution shall be called the 'State factor.' When the budget for the items listed in G.S. 115D-36 has been approved under the procedures set out in G.S. 115D-48, the administrative area in which the regional institution is located shall provide a percentage to be determined by dividing the local factor by the sum of the local factor and the State factor. The State shall provide a percentage of the necessary funds to meet this budget, the percentage to be determined by dividing the State factor by the sum of the local factor and the State factor. If the local administrative area provides less than its proportionate share, the amount of State funds provided shall be reduced by the same proportion as were the administrative area funds.

Wherever the word 'population' is used in this subdivision, it shall mean the population of the particular area in accordance with the latest U. S.

census.

(b) The State Board of Education is authorized to accept, receive, use, or reallocate to the institutions any federal funds or aids that have been or may be appropriated by the government of the United States for the encouragement and improvement of any phase of the programs of the institutions.

"§ 115D-36. Local financial support of institutions.--(a) The tax-levying authority of each institution shall be responsible for providing, in accordance with the provisions of G.S. 115D-37 or 115D-38, as appropriate, adequate funds to meet the financial needs of the institutions for the following budget items:

(1) Capital outlay: Acquisition of land; erection of all buildings; alterations and additions to buildings; purchase of automobiles, buses, trucks, and other motor vehicles; purchase of all equipment necessary for the maintenance of buildings and grounds and operation of plants; and purchase of all furniture and equipment not provided for administrative and instructional purposes.

(2) Current expenses:

a. General administration:

1. Cost of bonding institutional employees for the protection of local funds and property.

2. Cost of auditing local funds.

3. Cost of elections held in accordance with G.S. 115D-37 and 115D-39.
4. Legal fees, judicial penalties, judgments, and compromised claims incurred in connection with local administration and operation of the institution.

b. Operation of plant:

1. Wages of janitors, maids, and watchmen.
2. Cost of fuel, water, power, and telephones.
3. Cost of janitorial supplies and materials.
4. Cost of operation of motor vehicles.
5. Any other expenses necessary for plant operation.

c. Maintenance of plant:

1. Cost of maintenance and repairs of buildings and grounds.
2. Salaries of maintenance and repair employees.
3. Maintenance and replacement of furniture and equipment provided from local funds.
4. Maintenance of plant heating, electrical, and plumbing equipment.
5. Maintenance of all other equipment, including motor vehicles, provided by local funds.
6. Any other expenses necessary for

maintenance of plant.

d. Fixed charges:

1. Rental of land, buildings, and equipment.
2. Cost of insurance for buildings, contents, motor vehicles, workmen's compensation for institutional employees paid from local funds, and other necessary insurance.
3. Employer's contribution to retirement and social security funds for that portion of institutional employees' salaries paid from local funds.
4. Any tort claims awarded against the institution due to the negligence of the institutional employees.

(b) The board of trustees of each institution may apply local public funds provided in accordance with G.S. 115D-37(a) or 115D-38(a), as appropriate, or private funds, or both, to the supplementation of items of the current expense budget financed from State funds, provided a supplemental current expense budget is submitted in accordance with G.S. 115D-48(3), and further provided that the rates allowed for subsistence and travel reimbursement from funds derived from any sources shall not exceed those rates authorized by the State for State employees generally, pursuant to G.S. 138-6 and G.S. 138-7.

"§ 115D-37. Providing local public funds for institutions established under this chapter: elections.--(a) Except as provided in G.S. 115D-38, the tax-levying authority of an institution may provide for local financial support of the institution as follows:

- (1) By appropriations from nontax revenues in a manner consistent with The Local Government Budget and Fiscal Control Act, provided the continuing authority to make such appropriations shall have been approved by a majority of the qualified voters of the administrative area who shall vote on the question in an election held for such purpose, or
- (2) By a special annual levy of taxes within a maximum annual rate which maximum rate shall have been approved by a majority of the qualified voters of the administrative area who shall vote on the question of establishing or increasing the maximum annual rate in an election held for such purpose or both, and
- (3) By issuance of bonds, in the case of capital outlay funds, provided that each issuance of bonds shall be approved by a majority of the qualified voters of each county of the administrative area who shall vote on the question in an election held for that purpose. All bonds shall be subject to the Local Government Finance Act and shall be issued pursuant to Subchapter IV, Long-Term Financing, of Chapter

(b) At the election on the question of approving authority of the board of commissioners of each county in an administrative area (the tax-levying authority) to appropriate funds from nontax revenues or a special annual levy of taxes or both, the ballot furnished the qualified voters in each county may be worded substantially as follows: 'For the authority of the board of commissioners to appropriate funds either from nontax revenues or from a special annual levy of taxes not to exceed an annual rate of \_\_\_\_\_ cents per one hundred dollars (\$100.00) of assessed property valuation, or both, for the financial support of \_\_\_\_\_ (name of the institution)' plus any other pertinent information and 'Against the authority of the board of commissioners, etc.,' with a square before each proposition, in which the voter may make a cross mark (X), but any other form of ballot containing adequate information and properly stating the question to be voted upon shall be construed as being in compliance with this section.

(c) The question of approving authority to appropriate funds, to levy special taxes and the question of approving an issue of bonds, when approval of each or both shall be necessary for the establishment or conversion of an institution, shall be submitted at the same election.

(d) All elections shall be held in the same manner as elections held under Article 4, Chapter 159, of the General

Statutes, The Local Government Bond Act, and may be held at any time fixed by the tax-levying authority of the administrative area or proposed administrative area of the institution for which such election is to be held.

(e) The State Board of Education shall ascertain that authority to provide adequate funds for the establishment and operation of an institution has been approved by the voters of a proposed administrative area before granting final approval for the establishment of an institution.

(f) Notwithstanding any present provisions of this Chapter, the tax-levying authority of each institution may at its discretion and upon its own motion provided by appropriations of nontax revenue, tax revenue, or both, funds for the support of institutional purposes as set forth in G.S. 115D-36; but nothing herein shall be construed to authorize the issuance of bonds without a vote of the people.

"§ 115D-38. Providing local public funds for institutions previously established.--(a) For counties in which, immediately prior to the enactment of this Chapter, there was in operation or authorized a public community college or industrial education center which hereafter shall be operated pursuant to the provisions of this Chapter, the following provisions shall apply in providing local financial support for each such institution:

(I) Community colleges: The board of commissioners of a county in which is located a public community college heretofore operated or authorized to operate pursuant to Article 3, Chapter 116, of the

General Statutes of North Carolina, may continue to levy special taxes annually for the local financial support of the college as provided in G.S. 115D-36, to the maximum rate last approved by the voters of the county in accordance with the above Article. The board of commissioners may also provide all or part of such funds by appropriations, in a manner consistent with The Local Government Budget and Fiscal Control Act, from nontax revenues. The question of increasing the maximum annual rate of a special tax may be submitted at an election held in accordance with the provisions of G.S. 115D-37(d) and the appropriate provisions of G.S. 115D-39.

(2) Industrial education centers: The board of commissioners of a county in which is located an industrial education center heretofore operated or authorized to operate as part of the public school system and which hereafter shall be operated as a technical institute or community college as defined in this Chapter may levy special taxes annually at a rate sufficient to provide funds for the financial support of the institute or college as required by G.S. 115D-36(a). The board of commissioners may also provide all or part of such funds by appropriations, in a manner consistent

with The Local Government Budget and Fiscal Control Act, from nontax revenues. The board of commissioners is authorized to provide additional funds, either by special tax levies or by appropriations from nontax revenues, or both, to an amount equal to that required to be provided above, for the purpose of supplementing the current expense budget of the institute or college financed from State funds.

(b) The board of commissioners of a county in which is located one of the above public community colleges or industrial education centers may provide funds for capital outlay for such institution by the issuance of bonds. All bonds shall be issued in accordance with the appropriate provisions of G.S. 115D-37 and G.S. 115D-39.

(c) Public funds provided a community college or industrial education center prior to its becoming subject to the provisions of this Chapter and which remain to the credit of the institution upon its becoming subject to these provisions shall be expended only for the purposes prescribed by law when such funds were provided the institution.

"§ 115D-39. Requests for elections to provide funds for institutions.--(a) Formal requests for elections on the question of authority to appropriate nontax revenues or levy special taxes, or both, and to issue bonds, when such elections are to be held for the purpose of establishing an institution, shall be originated and submitted only in the following manner:

(1) Proposed multiple-county administrative areas: Formal requests for elections may be submitted jointly by all county boards of education in the proposed administrative area, or by petition of fifteen percent (15%) of the number of qualified voters of the proposed area who voted in the last preceding election for Governor, to the boards of commissioners of all counties in the proposed area, who may fix the time for such election by joint resolution which shall be entered in the minutes of each board.

(2) Proposed single-county administrative area: Formal requests shall be submitted by the board of education of any public school administrative unit within the county of the proposed administrative area or by petition of fifteen percent (15%) of the number of qualified voters of the county who voted in the last preceding election for Governor, to the board of commissioners of the county of the proposed administrative area, who may fix the time for such election by resolution which shall be entered in the minutes of the board.

(b) Formal requests for elections on any of the questions specified in (a) above, or on the question of increasing the maximum annual rate of special taxes for the financial support of

an institution with a properly established board of trustees, may be submitted to the tax-levying authority only by such board of trustees.

(c) All formal requests for elections regarding the levy of special taxes shall state the maximum annual rate for which approval is to be sought in an election.

(d) Nothing in this section shall be construed to deny or limit the power of the tax-levying authority of an institution to hold elections, of its own motion, on any or all the questions provided in this section, subject to the provisions of this Article.

"§ 115D-40. Elections on question of conversion of institutions and issuance of bonds therefor.--Whenever the board of trustees of an institution requests the State Board of Education to convert the institution from a technical institute to a community college, the Board may require, as a prerequisite to such conversion:

- (1) The authorization by the voters of the administrative area of an annual levy of taxes within a specified maximum annual rate sufficient to provide the required local financial support for the converted institution, in an election held in accordance with the appropriate provisions of G.S. 115D-37 and G.S. 115D-39.
- (2) The approval by the voters of the administrative area of the issuance of bonds for capital outlay necessary for the conversion of the institution, in

an election held in accordance with the appropriate provisions of G.S. 115D-37 and G.S. 115D-39.

"§ 115D-41. Payment of expenses of special elections under Chapter.--The cost of special elections held under the authority of this Chapter in connection with the establishment of an institution shall be paid out of the general fund of the county or counties which shall conduct such elections. All special elections held on behalf of a duly established institution shall be paid by such institution and the expenses may be included in the annual institutional budgets.

"§ 115D-42. Authority to issue bonds and notes, to levy taxes and to appropriate nontax revenues.--Counties are authorized to issue bonds and notes and to levy special taxes to meet payments of principal and interest on such bonds or notes and to levy special taxes for the special purpose of providing local financial support of an institution and otherwise to appropriate nontax revenues for the financial support of an institution, in the manner and for the purposes provided in this Chapter.

Taxes authorized by this section are declared to be for a special purpose and may be levied notwithstanding any constitutional limitation or limitations imposed by any general or special law.

"§ 115D-43. Student tuition and fees.--The State Board of Education may fix and regulate all tuition and fees charged to students for applying to or attending any institution pursuant to

this Chapter.

The receipts from all student tuition and fees, other than student activity fees, shall be State funds and shall be deposited as provided by regulations of the State Board of Education.

The legal resident limitation with respect to tuition, set forth in G.S. 116-143.1 and G.S. 116-143.2, shall apply to students attending institutions operating pursuant to this Chapter.

"§ 115D-44 to 115D-47: Reserved for future codification purposes.

#### "ARTICLE 5.

##### "Budgeting, Accounting, and Fiscal Management.

"§ 115D-48. Preparation and submission of institutional budgets.--On or before the first day of May of each year, the trustees of each institution shall prepare and submit a capital outlay budget and a current expense budget, on forms provided by the State Board of Education, and may prepare in their discretion a supplemental current expense budget. The budgets shall be prepared and submitted for approval according to the following procedures:

(I) Capital outlay budget: The budget shall contain the items of capital outlay, as provided in G.S. 115D-35 and 115D-36, for which funds are requested, from whatever source. The budget shall be submitted first to the tax-levying authority, which shall approve or disapprove, in whole or in part, that

portion of the budget requesting local public funds. Upon approval by the tax-levying authority, the budget shall be submitted by the trustees to the State Board of Education, which may approve or disapprove, in whole or in part, that portion of the budget requesting State or federal funds.

- (2) **Current expense budget:** The budget shall contain the items of current operating expenses, as provided in G.S. 115D-35 and 115D-36, for which funds are requested, from whatever source. The budget shall be submitted first to the tax-levying authority, which shall approve or disapprove, in whole or in part, that portion of the budget requesting local public funds. Upon approval by the tax-levying authority, the budget shall be submitted by the trustees to the State Board of Education, which may approve or disapprove, in whole or in part, the entire budget. The State Board is authorized to withhold the allocation of State funds to an institution until a budget has been submitted to and approved by the Board.
- (3) **Supplemental current expense budget:** The budget may contain any items of the current expense budget to be financed from State or federal funds which the trustees desire to supplement with local funds.

The tax-levying authority shall approve or disapprove, in whole or in part, that portion of the budget requesting local public funds. An information copy of the budget as approved shall be filed with the State Board of Education.

- (4) No public funds shall be provided an institution, either by the tax-levying authority or by the State, except in accordance with the budget provisions of this Chapter.
- (5) The preparation of a budget for and the payment of interest and principal on indebtedness incurred on behalf of an institution shall be the responsibility of the county finance officer or county finance officers of the administrative area and the board of trustees of the institution shall have no duty or responsibility in this connection.

"§ 115D-49. Administration of institutional budgets for local public funds.--(a) Duty of board of trustees: It shall be the duty of the board of trustees of each institution to pay all obligations incurred in the operation of the institution promptly and when due, and to this end boards of trustees shall inform the tax-levying authority from month to month of any anticipated expenditures which will exceed the current collection of taxes and such balance as may be on hand, if any, for the payment of said obligations, in order that the tax-levying authority may make provision for the funds to be available. If a board of trustees shall willfully create a debt that shall in any way

cause the expense of the year to exceed the amount authorized in the budget, without the approval of the tax-levying authority, the indebtedness shall not be a valid obligation of the institution and the members of the board responsible for creating the debt may be held personally liable for the same.

(b) Duty of tax-levying authorities: It shall be the duty of the tax-levying authority of each institution to provide, as needed, the funds to meet the monthly expenditures, including salaries and other necessary operating expense, as set forth in a statement prepared by the board of trustees and in accordance with the approved budget. If the collection of taxes does not yield sufficient revenue for this purpose, it shall be the duty of the tax-levying authority to borrow against the amount approved in the budget and to issue short-term notes for the amount so borrowed in accordance with the provisions of Subchapter IV, Long-Term Financing, of Chapter 159 of the General Statutes. The interest on all such notes shall be provided by the tax-levying authority in addition to the amount approved in the budget, unless this item is specifically included in the budget.

"§ 115D-50. Payment of State and local public funds to boards of trustees.--(a) The State Board of Education may deposit funds in the State treasury to the credit of each institution in monthly installments, at such time and in such manner as may be necessary to meet the needs of the institution, or the Board may

disburse State funds to each institution under policies and regulations established by the Board. Prior to the deposit or disbursement of State funds by the Board it shall be the duty of the board of trustees of each institution to file, on or before the first day of each month, with the State Board of Education a certified statement, on forms provided by the State Board of Education, of all expenditures, salaries, and other obligations that may be due and payable in the next succeeding month.

(b) Upon the basis of an approved budget, the county finance officer or corresponding official of all counties of the administrative area of an institution shall determine the proportion of taxes, nontax revenues and other funds accruing to the current expense and capital outlay budgets of the institution and shall credit these funds to the institution as they are collected. The county finance officer or corresponding official of each county shall remit promptly at the end of each month all funds collected for current expenses and capital outlay, except bond funds, to the board of trustees of the institution.

In the event that a greater amount is collected and paid to the board of trustees of an institution than is authorized by its approved budgets for current expenses and capital outlay, the excess shall remain an unencumbered balance to be credited proportionally to those funds in the following fiscal year, and such excess shall not be spent, committed, or obligated unless the budget is revised with the approval of the board of trustees and the tax-levying authority.

(c) Funds received by the trustees of an institution from

insurance payments for loss or damage to buildings shall be used for the repair or replacement of such buildings or, if the buildings are not repaired or replaced, to reduce proportionally the institutional indebtedness borne by the counties of the administrative area of the institution receiving the insurance payments. If such payments which are not used to repair or replace institutional buildings exceed the total institutional indebtedness borne by all counties of the administrative area, such excess funds shall remain to the credit of the institution and be applied to the next succeeding capital outlay budgets until the excess fund shall be expended. Funds received by the trustees of an institution for loss or damage to the contents of buildings shall be divided between the board of trustees and the State Board of Education in proportion to the value of the lost contents owned by the board of trustees and the State, respectively. That portion retained by the trustees shall be applied to the repair or replacement of lost contents or shall remain to the credit of the institution to be applied to the next succeeding capital outlay and current expense budgets, as appropriate, until such funds shall be expended.

"§ 115D-5|. Disbursement of institutional funds.--Public funds provided for an institution shall be paid out as follows:

(I) State funds: All State funds received by or deposited to the credit of an institution shall be disbursed only upon warrants drawn on the State Treasurer and signed by two employees

of the institution who shall have been designated by the board of trustees and who shall have been approved by the State Board of Education. Such funds may be disbursed in any other manner provided by regulations of the State Board of Education.

(2) Local funds: All local public funds received by or credited to an institution shall be disbursed on warrants signed by two employees of the institution who shall have been designated by the board of trustees and who shall have been approved by the State Board of Education. Such warrants shall be countersigned by the appropriate county finance officer or officers as provided by law, but only if the funds required by such warrant are within the amount of funds remaining to the credit of the institution and are within the unencumbered balance of the appropriation for the item of expenditure according to the approved budgets of the institution: Provided, that in lieu of countersignature by the county finance officer or officers as provided by law, the board of county commissioners which appropriated the local public funds may from time to time, with the approval of the board of trustees of the institution, designate an employee of the institution to countersign the warrants, and the employee so designated shall countersign a warrant only if the funds required by such warrant are within the amount of funds remaining to the credit of the institution and are within the unencumbered balance of the appropriation for the item of expenditure according to the approved budgets of the institution. Each warrant shall be accompanied by an invoice, statement, voucher, or other basic document which indicates to

the satisfaction of the countersigning county finance officer or officers that the issuance of such warrant is proper.

"§ 115D-52. Purchase of equipment and supplies.--It shall be the duty of the several boards of trustees to purchase all supplies, equipment, and materials in accordance with contracts made by or with approval of the North Carolina Department of Administration. No contract shall be made by any board of trustees for purchases unless provision has been made in the budget of the institution to provide payment therefor, and in order to protect the State purchase contracts, it is the mandatory duty of the board of trustees and administrative officers of each institution to pay for such purchases promptly in accordance with the contract of purchase. Equipment shall be titled to the State Board of Education if derived from State or federal funds.

"§ 115D-53. Audits of institutional accounts.--The State Auditor shall be responsible for conducting annually a thorough post audit of the receipts, expenditures, and fiscal transactions of each institution.

The annual audits shall be completed as near to the close of the fiscal year as practicable and copies of each audit shall be filed with the chairman of the board of trustees, the executive head of the institution, the county auditor of each county of the administrative area, the State Board of Education, and the Chairman of the Local Government Commission, inclusive of all

accounts.

"§ 115-54. Surety bonds.--The State Board of Education shall determine what State employees and employees of institutions shall give bonds for the protection of State funds and property and the Board is authorized to place the bonds and pay the premiums thereon from State funds.

The board of trustees of each institution shall require all institutional employees authorized to draw or approve checks or vouchers drawn on local funds, and all persons authorized or permitted to receive institutional funds from whatever source, and all persons responsible for or authorized to handle institutional property, to be bonded by a surety company authorized to do business with the State in such amount as the board of trustees deems sufficient for the protection of such property and funds. The tax-levying authority of each institution shall provide the funds necessary for the payment of the premiums of such bonds.

"§ 115D-55. Fire and casualty insurance on institutional buildings and contents.--(a) The board of trustees of each institution, in order to safeguard the investment in institutional buildings and their contents, shall

- (1) Insure and keep insured each building owned by the institution to the extent of the current insurable value, as determined by the insured and insurer, against loss by fire, lightning, and the other perils embraced in extended coverage; and
- (2) Insure and keep insured equipment and other contents

of all institutional buildings that are the property of the institution or the State or which are used in the operation of the institution.

(b) The tax-levying authority of each institution shall provide the funds necessary for the purchase of the insurance required in (a) above.

(c) Boards of trustees may purchase insurance from companies duly licensed and authorized to sell insurance in this State or may obtain insurance in accordance with the provisions of Article 16, Chapter 115, of the General Statutes, 'State Insurance of Public School Property.'

"§ 115D-56. Liability insurance; tort actions against boards of trustees.--(a) Boards of trustees may purchase liability insurance only from companies duly licensed and authorized to sell insurance in this State. Each contract of insurance must by its terms adequately insure the board of trustees against any and all liability for any damages by reason of death or injury to person or property proximately caused by the negligence or torts of the agents and employees of such board of trustees or institution when acting within the scope of their authority or the course of their employment. Any company which enters into such a contract of insurance with a board of trustees by such act waives any defense based upon the governmental immunity of such board.

(b) Any person sustaining damages, or in case of death, his

personal representative, may sue a board of trustees insured under this section for the recovery of such damages in any court of competent jurisdiction in this State, but only in a county of the administrative area of the institution against which the suit is brought; and it shall be no defense to any such action that the negligence or tort complained of was in pursuance of a governmental, municipal, or discretionary function of such board of trustees, to the extent that such board is insured as provided by this section.

(c) Nothing in this section shall be construed to deprive any board of trustees of any defense whatsoever to any action for damages, or to restrict, limit, or otherwise affect any such defense; and nothing in this section shall be construed to relieve any person sustaining damages or any personal representative of any decedent from any duty to give notice of such claim to the board of trustees or commence any civil action for the recovery of damages within the applicable period of time prescribed or limited by law.

(d) No part of the pleadings which relate to or allege facts as to a defendant's insurance against liability shall be read or mentioned in the presence of the trial jury in any action brought pursuant to this section. Liability shall not attach unless the plaintiff shall waive the right to have all issues of law and fact relating to insurance in such action determined by a jury, and such issues shall be heard and determined by the judge without resort to a jury and the jury shall be absent during any motions, arguments, testimony or announcements of findings of

fact or conclusions of law with respect thereto, unless the defendant shall request jury trial thereon.

(e) The board of trustees of all institutions in this Chapter are authorized to pay as a necessary expense the lawful premiums of liability insurance provided in this section.

"§ 115D-57 to 115D-60: Reserved for future codification purposes.

"ARTICLE 6.

"Special Provisions.

"§ 115D-61. Multiple-county administrative areas.--Should two or more counties determine to form an administrative area for the purpose of establishing and supporting an institution, the boards of commissioners of all such counties shall jointly propose a contract to be submitted to the State Board of Education as part of the request for establishment of an institution. The contract shall provide, in terms consistent with this Chapter, for financial support of the institution, selection of trustees, termination of the contract and the administrative area, and any other necessary provisions. The State Board of Education shall have authority to approve the terms of the contract as a prerequisite for granting approval of the establishment of the institution and the administrative area.

"§ 115D-62. Special provisions for Central Piedmont Community College.--(a) The board of commissioners of Mecklenburg County is authorized to provide the local financial support for the

Central Piedmont Community College as provided in G.S. 115D-36 by levying a special tax to a maximum annual rate equal to the maximum rate last approved by the voters of the county for the support of the Central Piedmont Community College as operated pursuant to Article 3, Chapter 116, of the General Statutes of North Carolina, or by appropriations from nontax revenues, or by both. The question of increasing the maximum annual rate may be submitted at an election held in accordance with the provisions of G.S. 115D-37(d) and the appropriate provisions of G.S. 115D-39.

(b) When, in the opinion of the board of trustees of said institution, the use of any building, building site, or other real property owned or held by said board is unnecessary or undesirable for the purposes of said institution the board of trustees may sell, exchange, or lease such property in the same manner as is provided by law for the sale, exchange, or lease of school property by county or city boards of education. The proceeds of any such sale or lease shall be used for capital outlay purposes.

"§ 115D-63. Special provisions for Coastal Carolina Community College.--All local taxes heretofore authorized by the voters of Onslow County to be levied annually for the local financial support of the Onslow County Industrial Education Center may continue to be levied by the board of commissioners of Onslow County for the purpose of providing local financial support of the institution under its present name.

"§ 115D-64 to 115D-67: Reserved for future codification

purposes.

"ARTICLE 7.

"Textile Training School.

"§ 115D-68. Creation of board of trustees; members and terms of office; no compensation.--The affairs of the North Carolina Vocational Textile School shall be managed by a board of trustees composed of nine members, who shall be appointed by the Governor, and the State Director of Vocational Education as ex officio member thereof. The terms of office of the trustees appointed by the Governor shall be as follows: Two of said trustees shall be appointed for a term of two years; two for three years; and two for four years. At the expiration of such terms, the appointments shall be made for periods of four years. In the event of any vacancy on said boards, the vacancy shall be filled by appointment by the Governor for the unexpired term of the member causing such vacancy. The members of the said board of trustees appointed by the Governor shall serve without compensation. The reenactment of this section shall not have the effect of vacating the appointment or changing the terms of any of the members of said board of trustees heretofore appointed.

"§ 115D-69. Powers of board.--The said board of trustees shall hold all the property of the North Carolina Vocational Textile School and shall have the authority to direct and manage the affairs of said school, and within available appropriations therefor, appoint a managing head and such other officers,

teachers and employees as shall be necessary for the proper conduct thereof. The board of trustees, on behalf of said school, shall have the right to accept and administer any and all gifts and donations from the United States government or from any other source which may be useful in carrying on the affairs of said school. Provided, however, that the said board of trustees is not authorized to accept any such funds upon any condition that said school shall be operated contrary to any provision of the Constitution or statutes of this State.

"§ 115D-70. Board vested with powers and authority of former boards.--The board of trustees acting under authority of this Article is vested with all the powers and authority of the board created under authority of Chapter 360 of the Public Laws of 1941, and the board created under authority of Chapter 806 of the Session Laws of 1971.

"§ 115D-71. Persons eligible to attend institution; subjects taught.--Persons eligible for attendance upon this institution shall be at least 16 years of age and legal residents of the State of North Carolina, as set forth in G.S. 116-143.1 and 116-143.2: Provided, that out-of-state students, not to exceed ten percent (10%) of the total enrollment, may be enrolled when vacancies exist, upon payment of tuition, the amount of tuition to be determined by the board of trustees. The money thus collected is to be deposited in the treasury of the North Carolina Vocational Textile School, to be used as needed in the operation of the school. The institution shall teach the general principles and practices of the textile manufacturing and related

subjects.

"§ 115D-72 to 115D-74: Reserved for future codification purposes."

Sec. 3. This act is effective upon ratification.



## Analysis of Proposed Chapter 115D

Enactment of proposed Chapter 115D would change the existing law as follows:

A. Article 1. Preliminary Provisions.

This article would be new to the community college laws; however, it is a reference to other laws affecting the community college system.

115D-1. Non-discrimination policy -- This section would prohibit discrimination among students and in the employment of personnel of the system on the basis of race, gender or national origin.

115D-2. Access to information and public records -- This section is a cross reference to Chapter 132 of the General Statutes.

115D-3. Open meetings -- This section is a cross reference to G.S. 143-318.1 through G.S. 143-318.7.

115D-4. Rule-making procedure -- This section is a cross reference to G.S. 150A-1 through 150A-64, Administrative Procedure Act.

115D-5. Saving clause (a) Continuation of existing laws -- This subsection provides that laws enacted by this proposal, which are the same as the existing law, will be considered a continuation of the existing law and that enactment of this proposal would not revive prior repealed laws. (b) Existing rights and liabilities -- This subsection provides that rights and liabilities vested prior to enactment of this proposal would not be affected.

B. Article 2. General Provisions For State Administration.

This proposal is identical to Article I of Chapter 115A of the General Statutes except as follows:

1. All references to "director" are changed to "State President."
2. 115D-10(2)a. The word "credit" is added between the words "sophomore" and "courses."
3. 115D-10(2)b. is rewritten to allow course credits for the training of technicians to be transferred to senior colleges and universities.
4. 115D-10(7)a. is rewritten to allow course credits for the training of technicians taught at technical institutes to be transferred to senior colleges and universities.
5. 115D-13 includes G.S. 115A-4.1 as well as G.S. 115A-5.

C. Article 3. Local Administration.

This proposal is identical to Article 2 of Chapter 115A of the General Statutes except as follows:

115D-18. Each institution to have board of trustees; selection of trustees -- This section is identical to G.S. 115A-8 except that paragraph two of 115A-8 is not contained in this proposed section. It contains transitional materials relating to trustees' terms of office at institutions existing prior to enactment of this chapter.

115D-22. Trustees limited as to holding other public offices -- This section is comparable to G.S. 115A-11. It limits the number of public offices a trustee may hold.

D. Article 4. Financial Support.

This proposal is comparable to Article 3 of Chapter 115A of the General Statutes. It would change the existing law as follows:

115D-35. State financial support of institutions -- This section is identical to G.S. 115A-18 except that all references to "county" or "counties" have been changed to "administrative area."

115D-36. Local financial support of institutions -- This section is identical to G.S. 115A-19 except that in subsection (9) (2) a.4. after the word "fees" the following words are added, "judicial penalties, judgments, and compromised claims."

115D-37. Providing local public funds for institutions established under this chapter; elections -- This section is identical to G.S. 115A-20 except as follows:

- (a) In 115D-37 (a)(3) in the second sentence after the word "to" "Local Government Act" is replaced with "Local Government Finance Act" and "County Finance Act" is replaced with "subchapter IV, Long Term Financing."
- (b) In 115D-37 (a)(3)(d) "Article 9, Chapter 153 of the General Statutes of North Carolina, the County Finance Act" is replaced with "Article 4, Chapter 159, of the General Statutes, The Local Government Bond Act."

115D-38. Providing local public funds for institutions previously established -- This section is identical to G.S. 115D-21 except that in 115D-38 (a)(1) in the second sentence after the word "with" "the County Fiscal Control Act" is replaced with "The Local Government Budget and Fiscal Control Act."

115D-43. Student tuition and fees -- This section is identical to G.S. 115A-26 except that reference to "legal resident for tuition purposes" is added.

E. Article 5. Budgeting, Accounting And Fiscal Management.

This proposal is identical to Article 4 of Chapter 115A of the General Statutes except as follows:

All references to "treasurer," "accountant," "county officer," etc., would be changed to "county finance officer."

115D-49. Administration of institutional budgets for local public funds -- This section is identical to G.S. 115A-28 except that in the second sentence of G.S. 115A-28(b) the reference to "County Finance Act" is replaced with "subchapter IV, Long Term Financing, of Chapter 159 of the General Statutes."

115D-52. Purchase of equipment and supplies -- This section is identical to G.S. 115A-31 except that the last sentence of this section is new. It provides that the State Board of Education shall have title to equipment purchased with State or federal funds.

115D-53. Audits of institutional accounts -- This section is identical to G. S. 115A-32 except that the reference to "Director" in the last line of the second paragraph is replaced with "Chairman."

F. Article 6. Special Provisions.

This proposal is identical to Article 5 of Chapter 115A of the General Statutes except as follows:

115A-36. Authorization for transfer of State appropriations -- This section is not included in this proposal; it is obsolete. It authorizes the Director of the Budget to transfer funds appropriated to the State Board of Education for the operation

of industrial education centers in the public school system to the account of the Department of Community Colleges. This transfer of funds was authorized in order to conform with the transfer of industrial education centers from the public school system to the community college system.

115D-62. Special provisions for Central Piedmont Community College -- This section is comparable to G.S. 115A-38; subsection (a) is not contained in this draft.

115D-63. Special provisions for Coastal Carolina Community College -- This section is comparable to G.S. 115A-38.1; subsections "(a)," "(c)" and "(d)" are not included in this draft.

G. Article 7. Textile Training School.

This proposal is identical to Article 6 of Chapter 115A of the General Statutes except as follows:

115D-71. Persons eligible to attend institution; subjects taught -- This section is identical to 115A-42 except that the reference to "legal resident" has been amended.

## SESSION 197

INTRODUCED BY:

Referred to:

1

2 AN ACT TO AMEND PROPOSED 115D OF THE GENERAL STATUTES TO ALLOW  
3 TECHNICAL INSTITUTES TO BE REFERRED TO AS BOTH TECHNICAL  
4 INSTITUTES AND TECHNICAL COLLEGES.

5 The General Assembly of North Carolina enacts:

6 Section 1. Proposed 115D of the General Statutes is  
7 amended as follows:

8 "115D-10(7)d. The terms 'technical institute' and  
9 'technical college' are deemed to be synonymous. Local boards  
10 of trustees may elect to use either term."

11 Sec. 2. This act is effective upon ratification.

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**SESSION 197**

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INTRODUCED BY:

Referred to:

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1

2 AN ACT TO AMEND PROPOSED CHAPTER 115D OF THE GENERAL STATUTES  
3 TO ADD THE DUTIES OF THE CONTROLLER.

4 The General Assembly of North Carolina enacts:

5 Section 1. G.S. 115D is amended as follows:

6 "§115D-15. Controller to be administrator of fiscal  
7 affairs. -- With respect to the community college system, the  
8 Controller of the State Board of Education shall exercise  
9 such supervisory and managerial duties as may be assigned to  
10 him by the State Board. In this capacity he shall administer  
11 the funds provided for the operation of the community college  
12 system according to standards established by the Board within  
13 the total funds made available to the Board for the community  
14 college system."

15 Sec. 2. This act is effective upon ratification.

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# SESSION 1979

INTRODUCED BY:

Referred to:

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2 AN ACT TO AMEND PROPOSED 115D OF THE GENERAL STATUTES TO  
3 REDUCE THE TERMS OF OFFICE OF TRUSTEES FROM EIGHT YEARS  
4 TO SIX YEARS.

5 The General Assembly of North Carolina enacts:

6 Section 1. G.S. 115D is amended by rewriting  
7 G.S. 115D-19 as follows:

8 "§115D-19. Terms of office of trustees. Trustees shall  
9 serve for terms of six years, with the exception of the ex officio  
10 member, except that initially, trustees of boards newly estab-  
11 lished pursuant to the provisions of this Chapter shall serve  
12 terms of varying lengths such that the terms of four members  
13 shall expire on June 30 of the next odd numbered year after appoint-  
14 ment; the term of four other members shall expire on June 30  
15 two years after the first term expires and the term of four  
16 other members shall expire on June 30 four years after the first  
17 term expires. Members subject to each expiration date shall be  
18 determined by the selecting agencies designated in G.S. 115D-18(a)  
19 provided that each selecting agency shall appoint one member  
20 for each length term and the agencies provided for in Group 2  
21 of 115D-18(a) shall appoint one other member for the shortest  
22 term, the agencies provided for in Group 1 of G.S. 115D-18(a)  
23 shall appoint one other member for the middle length term and  
24 the agency provided for in Group 3 of G.S. 115D-18(a) shall

## SESSION 1979

1 appoint one other member for the longest term. As the term of  
2 each member expires, the agency which selected that member  
3 shall select a new member to serve a six-year term commencing  
4 July 1 of that year."

5 Sec. 2. To conform boards previously operating  
6 pursuant to Chapter 115A of the General Statutes to the terms  
7 of G.S. 115D-19, the terms of members previously appointed shall  
8 be modified such that the terms of all members which would have  
9 expired on June 30, 1985 will expire June 30, 1983; the terms  
10 of all members which would have expired on June 30, 1983 will  
11 expire June 30, 1981; the terms of all members which would have  
12 expired on June 30, 1981 or June 30, 1979 will expire June 30,  
13 1979.

14 Members appointed to fill vacancies created by terms  
15 expiring on June 30, 1979 shall be designated by the agency  
16 selecting them pursuant to G.S. 115D-18(a) to serve terms of  
17 varying lengths; each selecting agency shall appoint one member  
18 for a six-year term and the agencies provided for in Group 2 of  
19 G.S. 115D-18(a) shall appoint one other member for a two-year  
20 term, the agencies provided for in Group 1 of G.S. 115D-18(a)  
21 shall appoint one other member for a four-year term, and the  
22 agency provided for in Group 3 of G.S. 115D-18(a) shall appoint  
23 one other member for a six-year term.

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25 As the term of each member, whenever appointed, expires,  
26 the agency which selected that member shall select a new member  
27 to serve a six-year term commencing July 1 of that year.

28 Sec. 3. This act is effective upon ratification.

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## SESSION 197

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INTRODUCED BY:

Referred to:

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2 AN ACT TO REWRITE G.S. 115B-2 TO ALLOW COMMUNITY COLLEGES  
3 AND TECHNICAL INSTITUTES TO ADMIT SENIOR CITIZENS TUITION  
4 FREE ONLY ON A SPACE-AVAILABLE BASIS.

5 The General Assembly of North Carolina enacts:

6 Section 1. G.S. 115B-2 is rewritten as follows:

7 "115B-2. Tuition waiver authorized. - State-supported  
8 institutions of higher education, community colleges, and  
9 technical institutes, shall permit legal residents of North  
10 Carolina who have attained the age of 65 to attend classes  
11 for credit or noncredit purposes on a space-available basis  
12 without the required payment of tuition; provided, however,  
13 that such persons meet admission and other standards deemed  
14 appropriate by the educational institution.

15 Sec. 2. This act is effective upon ratification.

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Attitudinal Statement of the State Board of Education

Taken from the minutes of the State Board of Education Meeting of December 7, 1978

9. Operational Audit. Mr. Pritchett moved, seconded by Dr. Tart, that the Board accept for further development a "Substitute Preliminary Draft of a State Board Policy Statement Designed to be Applicable to Situations Where Instructional Services are provided upon Request to 'Captive' or 'Co-Opted' Groups.

Dr. Holloman explained that he had presented at the Committee meeting on Wednesday a preliminary draft of similar import which the Community Colleges Committee had discussed and had referred to a drafting committee for revision, the committee to consist of Mr. Pritchett as law member, together with the Controller, Mr. Porter, and Acting President Dr. Holloman. Dr. Holloman further explained that the committee during its deliberations decided to prepare and return a substituted preliminary draft which was then distributed to State Board members for further discussion. It was pointed out that the State Board would need further time to review the policy and that it would be necessary to hold hearings under the Administrative Procedures Act prior to actual adoption of a policy statement of this nature. The Board was of the consensus that the substituted preliminary draft should, nevertheless, be accepted as expressing the attitude of the State Board and the

direction of its thinking toward dealing with a number of practices of institutions in extension programs, which practices have been questioned by the State Auditors recently in an operational audit. The Board authorized Dr. Holloman to report its action and transmit a copy of the substitute preliminary draft to the committee to study community colleges of the Legislative Research Commission at its session to be held on December 19, 1978. Further discussion of the preliminary draft was deferred until the January meeting of the State Board.

SUBSTITUTED PRELIMINARY DRAFT OF A STATE BOARD POLICY  
STATEMENT DESIGNED TO BE APPLICABLE TO SITUATIONS WHERE INSTRUCTIONAL  
SERVICES ARE PROVIDED UPON REQUEST TO "CAPTIVE" OR "CO-OPTED" GROUPS

Where delivery of off-campus instructional services is requested by another governmental authority or by a private custodial care operator to be delivered in facilities in use or in control of the requesting party but also used for the purpose of providing instruction to class sections or closed groups of adults who are, in fact, in the employment, or in custody or custodial care, or registered as students or trainees of the requesting governmental authority or private custodial care operator (whether operating for profit or not for profit), the delivery of the instructional services shall be permissible only on a basis which requires the requesting party to pay reimbursement of all direct costs sustained by State funds in delivering such instructional services except such direct costs as may be authorized and specially allotted by the State Board of Education at the request of the board of trustees of the educational institution. Furthermore, the count of the persons receiving instruction in such situations shall be allowable for the purpose of qualifying the educational institution for State funding allocations only to such extent and for such funding formulas or special allocations as the State Board shall determine and direct.

*Adopted only for use in explaining the attitude of the State Board in response to the Audit report.*

DEFINITIONS

The term "curriculum course" means a course which:

- (a) is taken for credit toward an associate degree;
- (b) is an occupational course taken for credit toward an occupational certificate or diploma or both; or
- (c) is recognized by The University of North Carolina or an accredited independent college or university as
  - (i) part of the requirements toward a major, (ii) general or general education requirement, or (iii) a permissible or recommended elective.

The term "extension course" means a course which:

- (a) is normally not taken for credit, but may be taken for credit toward a certificate, diploma or associate degree by individual students, provided the course meets the criteria for a curriculum course;
- (b) constitutes a normal extension of, maintains the academic integrity of and is subject to policy guidelines of the institution;
- (c) has stated education objectives and a course outline is on file at the institution;
- (d) is appropriately identified and recorded by means of the continuing education unit (c.e.u.);
- (e) provides for appropriate evaluation procedures.
- (f) has volunteer enrollment.

